Austria ... Sch 15	Italy ... L 1100	Portugal ... Esc 65
Bahrain ... Din 0.650	Japan ... Y550	S. Arabia ... Rls 6.00
Belgium ... BFr 35	Jordan ... Fils 500	Singapore ... S$ 4.10
Canada ... C$2.50	Kuwait ... Fils 500	Spain ... Pta 95
Denmark ... DKr 7.00	Lebanon ... £L 6.00	Sri Lanka ... Rup 30
Egypt ... E£1.00	Luxembourg ... LFr 35	Sweden ... SKr 6.50
Finland ... Fmk 5.00	Malaysia ... Rm 4.25	Switzerland ... SwFr 2
France ... FFr 5.00	Mexico ... Pes. 300	Taiwan ... NT$85
Germany ... DM 2.00	Morocco ... Dh 6.00	Tunisia ... Din 0.600
Greece ... Dr 60	Netherlands ... Fl 2.25	Turkey ... L 160
India ... Rup. 15	Norway ... NKr. 6.00	U.A.E. ... Dh 6.50
Indonesia ... Rp 2500	Philippines ... Pes 20	U.S.A. ... $1.50

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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European defence: the nuclear weapons trap, Page 18

NEWS SUMMARY

GENERAL

Botha loses ground to Right

South Africa's National Party Government, headed by Premier P. W. Botha, which is planning modest conciliatory changes in its constitution, lost support in four Transvaal by-elections, although it won three of the seats at stake.

It lost the Waterberg seat to its former Cabinet Minister Dr Andries Treurnicht, leader of the new, ultra-Right Conservative Party, which now has 17 MPs, all defectors from the ruling party.

Botha's party held the other two parliamentary seats and one for the provincial legislature, with a reduced share of the votes. Page 3

U.S. compromise

The U.S. Senate foreign relations committee approved o compromise aid plan for El Salvador, reducing the military help President Ronald Reagan wanted to give. Page 4

Austrian coalition

The Austrian Socialist and liberal parties announced yesterday that they bad agreed to form a coalition to succeed the all-Socialist government of Dr Bruno Kreisky. Page 29

Dutch Gulf mission

Dutch Transport Minister Mrs Neelie Smit-Kroes and Economic Ministry officials travel to Kuwait on Sunday to discuss a Dutch plan to clear the big oil slick that is endangering Gulf coasts.

Suicide bid

Thandiwe Ndlovu, 28, daughter of exiled Zimbabwe Opposition leader Joshua Nkomo, tried to kill herself because she was distressed by the detention without trial of her husband, John, said her mother in Harare.

Perón plans return

Former Argentine President Maria Estela Perón is planning to return from exile in Madrid, said supporters. Argentine elections have been promised for October.

Lawyers on strike

Monza, Italy, lawyers' strike against staff shortage in courts has led to further delay in the trial of five company officials for responsibility in the 1978 chemical plant disaster at Seveso.

Violence at Cannes

About 400 French medical students, demonstrating against education and health-service reforms, clashed violently with police at Cannes, where they charged into the film festival centre, throwing smoke bombs and firecrackers. At Toulouse, students started more than 20 fires.

China's icy ambition

China is seeking membership of the Antarctic Treaty, and planning to establish o research station on the continent.

Art records set

Record price for contemporary art, an abstract expressionist painting, e work by an American artist and by a living artist were set when Willem de Kooning's Two Women fetched $1,210,000 at Christie's, New York.

Briefly . . .

U.S. Beirut embassy reopened, 23 days after the explosion that killed more than 60.

Six-year-long bribery trial of former Japanese Premier Kakeui Tanaka resumed after o three-month break.

Six amateur divers recovered $50,000-worth of coins and ingots from 300-year-old wreck off South Africa.

BUSINESS

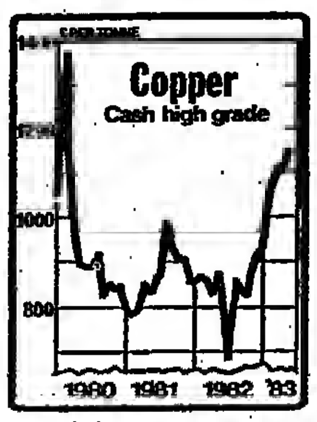
Texaco halves N. Sea estimate

● TEXACO, the U.S. oil group, has halved its estimate of its reserves in the North Sea Tartan field, wiping almost $2bn off the recoverable value. Page 6

● STERLING rose 35 points to $1.5685, was unchanged at DM 3.8275, and eased to FFr 11.51 (FFr 11.525), SwFr 3.19 (SwFr 3.2), and Y363 (Y364.25). Its Bank of England trade-weighted index slipped from 84 to 83.9. In New York it closed at $1.5680. Page 44

● DOLLAR'S trade weighting fell from 121.9 to 121.4, dropping to DM 2.439 (DM 2.444), FFr 7.34 (FFr 7.366), SwFr 2.0325 (SwFr 2.0425) and Y231.2 (Y232.6). In New York it closed at DM 2.4355; SwFr 2.0235; Y2,308.5; FFr 7.3255. Page 44

● GOLD rose $0.25 in London to $444. In Frankfurt it fell $1.25 to $442.5, and in Zurich it rose $1 to $443.5. Page 41



● COPPER: London cash price for high-grade closed £13.5 up at £1,151.5 ($1,806.1) a tonne, a 38-month peak.

● LONDON: FT Industrial Ordinary index fell 4.1 to 672.6. Government securities showed some modest gains. Page 37. FT Share Information Service, Pages 42-43.

● WALL STREET: Dow Jones index closed 9.96 down at 1,219.72. Report, Page 37. Full share listings, Page 38-40.

● TOKYO: Nikkei Dow index rose 23.59 to 6,691.58. Stock Exchange index eased 0.38 to 634.07, Page 37. Leading prices, other exchanges, Page 40.

● BRAZILIAN banks launched a campaign to defeat a private Bill before Congress to nationalise banks, including foreign-owned ones. Page 4

● SAUDI ARABIA and its Gulf allies opened talks in Riyadh on the next steps towards forming an Arabian common market.

● GENERAL FOODS of U.S. increased net income in the year ended April 2 by 11.3 per cent, to $288.5m, with a strong last quarter. Page 20

● MGM GRAND HOTELS and 41 other defendants are to pay $140m to settle claims from the 1980 Las Vegas hotel fire, in which 84 people died. Page 20

● TRAFALGAR HOUSE, UK property, construction and shipping group, raised pre-tax profits 21 per cent in the half ended March to £33.6m ($52.7m). Lex, Page 20; details, Page 24

COMPANIES

● VICTOR of Japan, audio and video system maker, reported operating profits 18 per cent down for the year ended March at Y40.2bn ($173.8m) with French import curbs a factor. Page 22

● ITT, the U.S. telecommunications major, reported first-quarter operating earnings 3.5 per cent up at $134m. Page 20

● KLÖCKNER-WERKE's appeal against an EEC judgment for exceeding production quotes was rejected by the European Court of Justice. The company may now face paying DM 206.6m ($84.7m) in fines. Page 2

Western ministers urge IMF to press free trade

BY DAVID HOUSEGO IN PARIS

Western governments will ask the International Monetary Fund (IMF) to urge both industrialised and developing countries to cut back trade barriers. The decision should substantially reinforce the Fund's role in nursing world economic recovery and easing the debt crisis.

The finance and trade ministers from eight leading industrialised nations meeting in Paris yesterday also pressed for closer co-operation between the IMF and the General Agreement on Tariffs and Trade (Gatt).

The ministers themselves agreed to meet more regularly to discuss the interrelated problems of trade, debt, exchange rates, interest rates and protectionism.

No forum bas been designated, but meetings of the Group of Ten finance ministers could be enlarged to include trade ministers.

Yesterday's meeting bad been preceded by a dinner on Tuesday evening, to which Mr Donald Regan, U.S. Secretary of the Treasury, had invited finance and trade ministers from the seven nations taking part in the Williamsburg summit at the end of this month.

They are the U.S., Britain, France, West Germany, Italy, Canada and Japan. France declined to attend the dinner but Switzerland and the Netherlands took part instead, as did M Jacques de Larosière, bead of the IMF, and Mr Arthur Dunkel, Secretary General of Gatt.

> **REFLATION PLEA**
>
> Trada union leaders from Western countries will meet tomorrow ahead of the Williamsburg summit to press their case for co-ordinated reflation. Tha U.S., meanwhile, outfined its hopes for the summit. **Page 4**

The ministers yesterday saw o twin role for the IMF and Gatt in helping to roll back protectionist measures. The aim would be to win parallel concessions from both industrialised and developing countries, although it is recognised that the process will be lengthy.

The U.S. in particular believes that sustaining the recovery and enabling developing countries to meet their debt repayments depends on a further opening up of markets.

The intention is that the IMF would use its leverage as a lender to press on developing countries the long-term advantages of opening up their domestic markets while in the short term ensuring that they were not deprived of essential imports in restructuring their economies.

Examples cited were the IMF's success in persuading closed economies such as India and Pakistan to reduce trade restrictions. The IMF would also press the benefits of direct investment as an alternative source of capital from the west to borrowed funds.

With industrialised countries the Fund's major leverage would be through the regular Group of Ten meetings and through its recently enlarged powers of monitoring the economic policy of individual governments as agreed by last year's Versailles conference.

The role of Gatt would be to identify what are often hidden protectionist measures and, through consultations with member-governments, to increase the pressure for removing them.

Several governments at yesterday's meeting spoke of the damage to trade of volatile exchange markets. Mr Regan gave little sign that

Continned on Page 20

Nucorp Energy reports $471m loss for 1982

BY WILLIAM HALL IN NEW YORK

NUCORP ENERGY, a fast growing U.S. energy services company which has borrowed beavily from international banks including Continental Illinois and Barclays Bank International, has reported a net loss of $471m in the year ending December 31, 1982.

The loss, which compares with a restated loss of $43.5m in 1981, is made up of a $170.4m continuing operations loss and a $300.6m loss on discontinued operations.

The losses of the company, which filed for protection under Chapter 11 of the U.S. bankruptcy code last summer, are much higher than earlier expected.

The company blames its performance on the slump in the U.S. oil-service industry as well as declines in the price and volume of oil and gas consumed. There was also a "significant over-supply of oilfield tubular goods and related products."

The company grew fery fast during the recent boom in the U.S. oil services industry and its sales jumped from $30m in 1979 to $424m in 1981. Much of this growth was financed by heavy borrowing from international banks, of which the most heavily involved is Continental Illinois, which is understood to be owed about $170m.

Some nine banks, including Barclays, Citibank, Security Pacific, Royal Bank of Canada and Bank of Mootreal, have secured debts of $300m outstanding with Nucorp. That accounts for just under half the group's total debts of $650m.

Mr Barry Galt, the court-appointed trustee of Nucorp Energy, yesterday filed a preliminary report containing his conclusions on Nucorp's future. He bas concluded that a reorganisation of the company is "feasible, desirable and preferable to liquidation." He has estimated that the latter course would result in losses of over $400m.

A key elemeot in Mr Galt's plan for Nucorp is that "virtually all unsatisfied indebtedness of the company" should be converted into equity stock. The group has three main operating divisions, Nucorp Energy, Maverick Tube Corporatioo and Del-Tex.

The Galt Report, which is due to be considered by creditors at a meeting in San Diego on May 20, identifies several companies which should be sold off.

The company says the general effects of the Chapter 11 proceedings complicated 1982. Operations and results for the year were also depressed by material provisions for losses to cover doubtful accounts, by write-downs of inventories to the lower of cost or market value.

The company's total revenues fell from $122.4m in 1981 to $107m last year.

The problems affecting Nucorp Energy are among the most visible signs of the recession in the U.S. oilfield services industry, which is affecting many companies and their bankers.

Dumez and Impregilo combine to win Paraná dam contract

BY PAUL BETTS IN PARIS

A EUROPEAN civil engineering consortium led by Dumez of France and the Impregilo group of Italy has been ewarded a $1.6bo contract to build the second largest dam in the world oo the Paraná River between Argentina and Paraguay.

The contract involves the civil engineering part of the ambitious $10bn Yacyreta hydroelectric project being jointly undertaken by Argentina and Paraguay but financed by the former.

The new dam will be the second largest in the world after the giant $14bn Itaipu dam further up the Paraná River between Brazil and Paraguay.

Dumez confirmed yesterday that it had received a letter of intent from the joint company formed for the hydroelectric project. The French construction company said it expected to sign the final cootract oo July 15 and start work on the dam in September. It will take seven years to complete the project.

The contract ends three years of competition between Dumez, one of France's largest construction companies, and the Impregilo group, a consortium of Italian civil engineering companies controlled by Fiat.

A Dumez executive said yesterday that his company and the Italians felt it was fruitless to continue competing against each other and instead decided to pool their respective consortia together.

Dumez's share is expected to be about 15 per cent while Impregilo's share of the civil engineering contract is currently estimated at about 17 per cent. Dumez, however, is hoping to increase its share.

The other members of the consortium include West German companies and local enterprises from Argentina and Paraguay. As is traditional in such contracts, the local South American content and the European component is distributed on a 50–50 basis.

The World Bank and Inter-American Development Bank have both agreed to fund $420m of the project with the two institutions lending $210m each. The project will also depend on export credits from the various countries with companies involved in the buge venture.

The Allis-Chalmers group of the U.S. is expected to win the order for the turbines for the hydroelectric project.

The hydroelectric project will have a capacity of 4700 megawatts with the energy going to Argentina in the initial years.

Thatcher and Pym stress EEC as poll issue

By Our Political and Economics Staff

IN A STRONG defence last night of Britain's membership of the European Community, Mr Francis Pym, the Foreign Secretary, claimed that several major investments in the country by multinational companies would not have been made if Britain had been outside the EEC.

Mr Pym's speech, and comments made yesterday by Mrs Margaret Thatcher, the Prime Minister, indicate that the Conservative Government believes that EEC membership could become a major issue in the general election which has been called for June 9.

Mrs Thatcher, in a radio interview, described withdrawal from the EEC – the stated policy of the Labour Opposition – as an "absolute disaster."

Mr Pym cited recent investments in the UK by foreign companies, including Wang Computers' new £38m plant in Scotland and Hewlett-Packard's £26m investment at Bristol. He also noted that the Japanese companies Sony, Takiron and NEC had set up in Britain since the UK joined the Community.

"This kind of investment," Mr Pym said, "would simply not come to Britain if access from here into the rest of Europe involved the hurdle of the Community tariff barriers."

He continued: "If Britain was outside the EEC Community, there could be little doubt that investment of this sort would go to the Continent and the employment implications of that for Britain are in my view wholly unacceptable."

In her interview, however, Mrs Thatcher said that Britain "would go on fighting until we get a fair deal" on the issue of Britain's contributions to the EEC budget. She hinted that she might not go to the EEC summit in Stuttgart, to be held two days before the election, unless there were only final negotiations to be completed.

The Prime Minister's comments suggested that she did not believe that would be the position. She added that if there was not "a fair and equitable deal," there would be one soon afterwards.

Mrs Thatcher also produced a new reason for calling the gen-

Continued on Page 20

Campaign roundup, Page 8; Editorial comment, Page 18

EEC calls for early budget contributions

BY JOHN WYLES IN BRUSSELS

THE EUROPEAN Commission has sharply reminded EEC governments of the Community's growing cash crisis by issuing an unprecedented eppeel to member-states to accelerate some of their monthly payments to the Brussels budget.

They have been asked to bring forward the transfers due in June of the customs duties on agricultural levies collected at their borders. The Commission needs the additional $600m to meet a cash flow difficulty caused by the surging costs of the EEC's farm policy, which are running ot 35 per cent above budget. It is hoped thet the extra money will keep the Common Agricultural Policy (CAP) going until member-governments and the European Parliament have epproved a supplement to the 1983 budget totalling around $1.87bn.

The demand for early payments was made just before yesterday's adoption by the Commission of e preliminary draft budget for 1984 which will spend all but $641m of the total estimated reveoues for next year. The Community has never before operated with sucb a small margin of extra cash, which might be draining away by mid-1981 if agricultural spending continues to soar at its present rate.

The limits on EEC spending are fixed by the total volume of customs duties and agricultural levies, which are fairly static, and 7 per cent of retail sales of a commoo basket of goods and services – the so-called 1 per cent value-added tax (VAT).

Mr Christopher Tugendhat, the Budget Commissioner, acknowledged yesterday that the 26.2bn European Currency Units ($25bn) available to the EEC budget in 1984 might be insufficient.

"Either there will then be a very *serious situation facing spending* policies or member-states might agree to pay special contributions (to keep the budget solvent)", he said yesterday. That was why it was crucial for member-governments to reach quick agreement on the Commissioo's proposals, launched last week, for raising the ceiling on EEC budget reveoues, added the Commissioner.

Of special importance to the UK is the fact that the Commission bas built into its total 25.528bo Ecu ($24.14bo) speoding proposals enough money to cover any agreed rebate on Britain's estimated paymeots to Brussels this year of $1.87bo.

But in yet another genuflection to demands from the European Parliament, the Commission intends that the rebate should come out of specially increased spending in the UK under the Community's social, regional, energy and transport policies.

In the past, UK rebates have had a special budget category of their own and have been only ootionally allied to real policies. The proposed spending total for next year is some 11.5 per cent higher than this year's budget before any additions to meet the demands of agriculture.

Some $15.75bo has been allocated to the farm sector next year – a relatively low 54 per cent of total spending. But there must be serious doubts as to whether that will be enough, since this year's farm spending total, after the supplementary budget, will be in the region of $15.13bn.

Moreover, the Commission is insisting that the 1984 increases in farm prices must be funded out of the total budgeted for the CAP next year. That suggests that if farmers are to have a price rise, the Commission will be forced to act on its uodertaking, repeated by Mr Tugendhat yesterday, to take any necessary measures to bold down farm spending.

The Commission has sought to underline that its priorities lie outside agriculture by scheduling e 14.8 per cent increase in social fund payments, 19.1 in regional fund, 278.4 per cent in energy (partly in anticipatioo of a coal policy) and a 135 per ceot increase in transport. It is doubtful if these proposals will be endorsed by EEC budget ministers in July wben they prepare their version of the budget, which will then be considered by the European Parliament in the autumn.

The European Commission said yesterday that it would be taking a positive view of France's application for a multi-million dollar EEC loan to help cover its trade deficit.

France is believed to be asking for more than $3bo to be raised by the Community on its bebalf. The Community's monetary comouttee, made up of officials from EEC Treasuries and Central Banks, met in Paris yesterday to prepare an opinioo for member governments.

That will be discussed by EEC finance ministers at a meeting in Brussels on Monday wben they are required to give unanimous agreement to a formal Commission proposal that the loan should be raised subject to conditions agreed with the French Government.

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CONTENTS

Hitler diaries: shock waves reverberate around West Germany

BY JONATHAN CARR IN BONN

THE MYSTERY over the origin of the so-called "Hitler diaries" is starting to clear a little. But the shock waves from the affair have daily become stronger in the West German publishing world and beyond.

According to public statements this week by some of the key actors in the drama, the trail begins in Hamburg, where the deeply embarrassed Stern magazine has its headquarters. It goes to Stuttgart in the south and then appears to vanish in East Germany.

According to Gruner und Jahr, publishers of Stern, DM 9m (£2.35m) was put up to acquire the diaries in what seemed at the time to be a journalistic coup. They said the money was passed on to Herr Gerd Heidemann—at the time Stern's top reporter, but now summarily dismissed and under investigation for fraud by the state prosecutor's office.

Federal West German authorities announced last Friday that the "diaries"—of which there are around 60 volumes—were forged.

While Gruner und Jahr was dismally revealing the financial side of the affair, Herr Henri Nannen, founder of Stern, was lifting the curtain on where the "diaries" came from. He said that, initially, Herr Heidemann had declined to reveal the source on the grounds that lives might be put at risk. However, following the revelation of the forgery, Herr Heidemann had given further details.

The diaries had come from a Stuttgart collector and dealer of Nazi memorabilia, who claimed to have received them from his brother, allegedly a general in the East German army. Stern had contacted the address where the "general" was supposed to live, had found no such person, and felt the man probably did not exist.

Simultaneously, at a Hamburg news conference, Herr Heidemann was denying any wrongdoing and insisting that he had been hoaxed. He had paid the money for "the diaries" in good faith and it had been up to Stern to examine them further to ensure they were genuine. Stern promptly rejected this argument, although it had asked several experts at home and abroad to authenticate the documents before deciding to publish.

Not unexpectedly, Stern's competitors have been gleeful at their rival's discomfiture. Publication of weekly, illustrated magazines in West Germany is big business. Stern has a paid weekly circulation of around 1.8m copies and reaches more than 8m readers—a happy hunting ground for advertisers. Stern's arch-rival, Spiegel, also Hamburg-based, has a weekly circulation of around 1m and a readership of close to 5m.

Axel Springer's Hoer Zu (a radio and television weekly which carries a lot of feature articles, too) has a sale of almost 4m. Had the Hitler "diaries" been genuine, they would seem to have guaranteed Stern still bigger sales for many months to come.

Cynics are suggesting that the background to the forgery, now promised by Stern, may also boost circulation, though that is hardly certain. Many of the weekly's journalists are deeply depressed by the affair. Two chief editors have resigned and other staff may follow suit.

All that said, the extent and intensity of the criticism of Stern throughout West Germany still comes as something of a surprise. There are probably two main reasons—one to do with the character of Stern itself. The weekly prides itself not simply on the high quality of its photography and its "human interest" stories, but on its espousal of causes in the "public good" and its explosion of political cant.

"Everything correctly, everything on time, everything first-hand," Herr Nannen has said. "Whether it's about heart transplants, or new star discoveries, about the smell of corruption drifting through Bonn ..."

All well and good, but clearly a lot of Stern's rivals have been irritated by what they feel to be the weekly's rather boastful "finger-wagging," and now they have a golden chance to let off steam.

The second, and probably more important reason for the criticism, lies in the subject matter over which Stern has come to grief.

For many years there was precious little public discussion in West Germany of Hitler and the Nazi era. History for many people seemed to begin with the war's end—or even with 1949 when the Federal Republic was born. That attitude has been changing, above all in this year, the 50th anniversary of Hitler's coming to power as Chancellor of the Reich. Dozens of books and television series, and hundreds of newspaper articles, are marking the occasion and probing how it came to happen.

The subject thus is not taboo any more—but it remains, to say the least, delicate, one to be approached with a lot of seriousness (still a strong German character trait) or not at all.

That feeling is clearly not confined to the older generation. A Hamburg schoolboy, evidently in his teens, told an inquiring reporter this week: "I'm sorry. I thought they would take more care to check the diaries were genuine. After all, foreigners will see the magazine on their bookstalls too and think—after all the Germans can't do without Hitler."

Ranks close on Italian Left for June vote

By Rupert Cornwell in Rome

THE ITALIAN Communist leader, Sig Enrico Berlinguer, last night committed his party to a left-wing "democratic alternative" government for the country, and demanded an immediate halt to plans to instal Cruise medium-range nuclear missiles at Comiso in Sicily.

These were the two principal points to emerge at the presentation of the platform on which the West's largest Communist party will fight the general election on June 26-27.

Shortly before he spoke, a significant closing of ranks among the Italian Left took place, as the Communist Party PCI and the far Left (PDUP) Democratic Party of Proletarian Unity) announced that they would present joint lists of candidates.

At the last election in June 1979, the PDUP won 1.4 per cent of the vote, compared with the 30.5 per cent by the Communists. The decision undoubtedly reflects the anxiety of not only the PDUP, but also the PCI, that only a united front will prevent a further loss of support this time, after a 4 per cent fall in 1979.

Further clarification of the intentions of the Italian political Left will come this weekend when the unpredictable Radical Party decides whether to contest the election. Four years ago the Radicals won 3.4 per cent, and emerged as the undoubted "victors" of an otherwise stalemated vote.

The party presently is divided, but if it does not stand, then the bulk of its potential support would probably go to the Socialists and the Communists.

Sig Berlinguer . . . unveiled Communist platform.

As has now become the custom, the economic proposals of the Italian Communists would be eminently respectable for any centrist party elsewhere in Western Europe.

The PCI is advocating: increased public-sector capital investments, above all to activate Italy's long-delayed energy programme; steps to encourage labour mobility as the restructuring of industry proceeds; a rearrangement of working hours; and measures to help the creation of small and medium-sized companies, the backbone of the national economy.

Jaruzelski stands by deputy premier

By Christopher Bobinski in Warsaw

GENERAL WOJCIECH Jaruzelski's Polish Communist Party leadership has decided on a low-key response to recent signs of Soviet concern that its policies are swinging out of line with Soviet bloc orthodoxy.

Last week, the Soviet Union weekly New Times attacked Poland's Polityka newspaper, formerly edited by Mr Mieczyslaw Rakowski, now a Deputy Premier. The Soviet Journal accused Polityka of propagating anti-socialist ideas.

However, on Monday, at a meeting of the Polish Council of Ministers Gen Jaruzelski had Mr Rakowski report on the political situation in the country, a point underlined in an official communique and a signal that the General was standing by the former Polityka editor.

In a bid to avoid a full - scale ideological clash, this week's issue of Polytika has simply reprinted extensive quotes from the New Times attack whose tone it calls "unprecendented." Polytika points out that in six cases out of 12, New Times misquoted the Polish paper and one alleged "quote" from Polityka was nowhere to be found.

However, a party politburo meeting on Tuesday has failed to specify a date for the next central committee plenum officially scheduled for mid-May and devoted to ideology. Hardliners here had feared that at this plenum Gen Jaruzelski had intended to bring Mr Rakowski into the politburo and make him responsible for the mass media, a key post.

The New Times attack on Polityka has effectively blocked this.

● Poland's Roman Catholic Primate, Cardinal Josef Glemp, is due to travel to Rome on Monday for talks with Pope John Paul II on his planned visit to Poland next month, according to Vatican sources, AP reports from Rome.

Soviet vote for President set

By Our East European Correspondent

THE SOVIET Parliament will choose the country's new president in June, the editor of Pravda, the Communist party newspaper said in an interview with a Japanese daily published yesterday. The post has been empty since Mr Leonid Brezhnev died six months ago.

Mr Yuri Andropov, who holds the substantive top job of party general secretary, is thought to have had to cement his dominance in the Kremlin before being able either to take himself the largely protocol position of President or to hand it to someone clearly of lesser standing.

Klöckner loses fight over EEC steel controls

BY PAUL CHEESERIGHT IN BRUSSELS

KLÖCKNER-WERKE, the West German steel producer, has lost its long-running battle with the European Commission over the working of the EEC's steel crisis regime and may now face the payment of DM 206.6m ($84.7m) in fines.

The European Court of Justice in Luxembourg yesterday handed down seven judgments rejecting pleas by Klöckner and upholding the Commission's administration of steel production quotas and price controls.

Klöckner has consistently opposed the way the Commission has implemented its powers under Article 58 of the European Coal and Steel Community Treaty to impose quotas and price controls. It has been regularly fined for over-production, but has never paid.

Instead it has taken the Commission to the court charging, broadly, that the production quotas given to it have not been equitably set.

European Commission legal experts and the Ministry of Justice in Bonn are now understood to be examining how to implement the fines, which relate to over-production in 1981-82.

Klöckner officials yesterday were unavailable for comment.

The judgments were seen in Brussels as legally sustaining the Davignon Plan for the restructuring of the steel industry through modernisation and reducing excess capacity.

The use of the production quotas and price controls is, in effect, an umbrella to protect the steel groups while they make the necessary changes. EEC ministers meet later this month to decide on the continuation of the regime for a further 2½ years from the end of next month.

Petrofina against chemical deal

BY OUR BRUSSELS STAFF

PETROFINA, the Belgian petrochemicals group, yesterday came out in sharp opposition to developing ideas of an agreement between the major European chemicals groups to cut back capacity.

It is the second major producer this week to contest the value of a multilateral effort to restructure the industry. On Tuesday, BASF said a multilateral solution was not feasible.

Executives from the major chemical companies gather in Brussels at the end of the month to discuss schemes for rationalisation of the industry. The meeting will be attended by Viscount Etienne Davignon, the European Commissioner in charge of industry.

Mr Adolphe Demeure de Lespaul, chairman of Petrofina, said in Brussels that if there was any general accord on prices, Petrofina would simply undercut them.

If Petrofina itself was forced to join in any multilateral organisation, it would take legal action, he said. Such action would presumably be based on EEC rules.

Although discussions in the chemical industry have concentrated solely on the reduction of capacity, the experience of the steel industry has shown that if changes are made jointly then a framework of production quotas and price controls is needed.

The focus of the Brussels discussions will be a report prepared by executives from Montedison and Rhone-Poulenc, which apparently details the extent of over-production and makes a case for widespread closures.

Genscher appeal on EEC summit

By Jonathan Carr in Bonn

WEST GERMANY has urgently appealed for new efforts to break the logjam of European Community problems building up in advance of next month's EEC summit conference in Stuttgart.

The Bonn Foreign Minister, Herr Hans Dietrich Genscher, warned yesterday that West Germany – current chairman of the Community Council – could not bring an EEC breakthrough alone.

Unless all member states contributed to compromises in five key sectors, there was a danger the Community would find itself at a stalemate.

Herr Genscher's unusual personal appeal, issued in a statement to the ambassadors of the nine other EEC countries here, reflects growing concern at the prospect of a Stuttgart failure.

In the economic and financial sectors the Foreign Minister urged progress on steps to fight youth unemployment, to counter trade protectionism, to speed the EEC entry negotiations of Spain and Portugal and to solve budget problems (including the issue of rebates for Britain).

But Herr Genscher said that important as these topics were, it was also urgent that other member states approved the document on European political union which Bonn and Rome had proposed.

He specifically repeated that the European Parliament should be strengthened and that decision-making should be "eased" in the EEC Council (a reference to more decisions by majority vote). Britain, for one, is sceptical on both topics.

France set to sign Saudi arms deal

BY PAUL BETTS IN PARIS

FRANCE is expected to sign a major new arms deal with Saudi Arabia during the week-long French visit of the Saudi Defence Minister, Prince Sultan ben Abdel Aziz.

The Saudi Defence Minister arrived in Paris yesterday afternoon and was due to have talks with President François Mitterrand and later with M Charles Hernu, the French Defence Minister.

Prince Sultan is also scheduled to have talks in Paris with Mr Caspar Weinberger, the U.S. Defence Secretary. Mr Weinberger is expected to use the occasion to see whether he can persuade Saudi Arabia to try to influence Syria to accept the latest U.S. Lebanon peace plan.

The new arms agreement between France and Saudi Arabia is known as "Sawari 2". It involves French services and training for the Saudi navy and the supply of French electronics equipment. This agreement is in fact the second part of the original FFr 14bn ($1.9bn) "Sawari" deal between the two countries signed in 1980.

The original deal was one of France's largest ever arms packages to a developing country. It involved the modernisation of the Saudi navy including the supply of four frigates and 24 helicopters, all equipped with missiles

Nato could cut N-arms by third, says Rogers

By Bridget Bloom, Defence Correspondent

NATO COULD reduce its nuclear weapon stockpile by as much as a third if, at the same time, it strengthened its conventional forces, General Bernard Rogers, the alliance's commander in Europe, said in an interview at his Belgian headquarters.

Nato currently has about 6,000 nuclear warheads on short range so-called battlefield weapons. These could be reduced by 2,000, General Rogers said, but only if new conventional weapons, such as the Patriot air defence system, were deployed in Europe.

Nato military commanders and officials in the High Level Group are conducting intensive studies into the alliance's requirements for short-range weapons. But so far they are only publicly pledged to withdraw 572 warheads, equivalent to the number of new U.S. cruise and Pershing missiles to be deployed in Europe from the end of this year.

There have been so far only unofficial suggestions that the alliance is considering withdrawing as many as 2,000 nuclear warheads.

Gen Rogers was speaking at the end of last week's Shapex conference, during which he again stressed that if Nato countries spent more on conventional weapons, the alliance could raise the threshold at which nuclear weapons would have to be used in any future war in Europe.

Gen Rogers noted that among his current worries were U.S. Congressional demands that there should be no further increases in the number of U.S. troops in Europe.

He estimated that the deployment of the new nuclear missiles and other programmes of modernisation would need an extra 36,000 U.S. troops in Europe over the next five years from the current level of some 320,000.

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Lubbers threat over missiles

By Our Amsterdam Correspondent

THE DUTCH Prime Minister, Mr Ruud Lubbers, said in an interview published yesterday that he would resign if Parliament did not support his centre-right cabinet on the deployment of the U.S. cruise missiles

However, he did not expect that the cabinet would have to adopt a definitive policy this year as the Geneva talks on East-West arms reduction were proceeding only slowly.

Danes take step towards national cable TV network

BY HILARY BARNES IN COPENHAGEN

THE DANISH Government has proposed a change in broadcasting legislation to remove restrictions on cable television. The measure will pave the way for a decision later this year or early next on whether to invest in a DKr 4bn (£294m) national, broad-band cable network for data transmission as well as television programmes.

The initial decision will allow television signals to be transmitted across local government boundaries (except signals transmitted by the monopoly state broadcasting corporation). This will open the country to cable television reception of satellite transmissions in the second half of this decade. The 20 per cent of the population at present out of range of Swedish and West German stations could in future be linked into these.

The minority Government wants the change introduced before the summer holiday and seems likely to win majority support for it.

Investment in a broad-band network was recently recommended by a Royal Commission. The Government is expected to back its conclusions.

Radio chief attacks Soviet bid to keep West off air

BY DAVID BUCHAN

THE SOVIET UNION is mounting an increasingly successful international effort to restrict Western broadcasts by short-wave radio or satellite, Mr James Buckley, president of Radio Free Europe/Radio Liberty, said yesterday.

The head of the radio stations, which are based in Munich but funded by the U.S. deplored a United Nations resolution last November calling for prior approval by governments for TV programmes beamed to their countries by satellite. For the West to accede to this right of veto would be a serious blow to international freedom of information, Mr Buckley warned.

With Third World support, the Soviet Union is also claiming that Western countries are "hogging too large a share of the available high frequency radio spectrum and should surrender significant portions of it to emerging nations," Mr Buckley said. "Theirs might be a compelling case were it not for the fact that it is Soviet jamming which makes it necessary for Western broadcasters to retain access to so many bands," he said. Soviet jamming interferes with three channels for every one Moscow attempts to block.

Dutch coalition at odds over future of television

BY WALTER ELLIS IN AMSTERDAM

THE RULING Dutch centre-right coalition of Christian Democrats and Liberals, which recently survived bitter differences of opinion over the extent of social security cuts is now split over the future of television broadcasting.

Mr Eelco Brinkman, the Culture Minister and a prominent Christian Democrat, has been drawing up a comprehensive white paper on the Dutch media for the past three months. It is to be a very conservative document that favours keeping television much as it is today—dominated by small companies of limited means whose primary output is discussion programmes and documentaries.

The Liberals, however, believe that there is greater scope for popular programming, and in a "black paper" of their own propose that stations and output be decided by viewers on the basis of free elections.

Elections would almost certainly favour the growth of such stations as "Veronica," which put out "Dynasty" and popular English-language films, and "Tros," which has given a new word to the language: *Vertrossing*, meaning to trivialise.

The Liberals, however, are sticking to their guns and are to hold a special party congress on the subject in September.

Last month, during the run-up to the Government's spring budget, Mr Ed Nijpels, the Liberal leader, threatened to withdraw from the coalition if large-scale additional cuts were not made to the 1983 budget. The cuts were in fact made.

Conversely, he later insisted that pensioners should be exempted from a 2 per cent cut in social welfare benefits that was part and parcel of those cuts. He failed and now the ground seems to have shifted to the future of broadcasting.

FitzGerald hits high pay rises

By Brendan Keenan in Dublin

THE IRISH Government begins pay negotiations with public sector unions next week, with its hopes of bringing Irish wage increases down to average European levels balanced on a knife-edge.

In a parliamentary debate yesterday the Prime Minister, Dr Garret FitzGerald, condemned what he called the shortsighted policy of seeking wage increases greater than the rise in output.

Why the Swedes are obsessed with hunting foreign submarines

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

THE RUSSIAN submarine captain has parked his craft off the Swedish coast beside a rocky islet boasting a telephone kiosk: he is telephoning home. The drawing by pupils in class VI of St Olof's School is being used by the Swedish telephone authorities to deter vandalism. "Telephones that work are good, also for Russian U-boat captains," says the slogan.

It is also a sign of the nation's growing obsession with foreign submarines, which is undiminished in spite of this week's decision to call off the latest dramatic hunt around Sundsvall, on Sweden's northern Baltic coast. Even as this search was abandoned, the military has confirmed new submarine sightings in the sensitive Stockholm archipelago.

How should the armed forces, with their limited resources, protect 1,777 miles of coastline? Advertisements placed in national newspapers earlier this year by the Swedish Navy appealed seriously to the nation's leisure sailors to report anything suspicious observed while sailing between the myriad islands that line the Swedish coast.

A detailed booklet has recently been published by the defence staff telling the public how best to report about "our uninvited visitors." It explains why the Baltic offers an ideal environment for secret submarine operations. The traditional hydro-acoustic equipment developed for hunting submarines in deep seas with comparatively level bottoms does not work well off the rugged Swedish coast.

Sudden variations in water temperature and salt content, the countless thousands of islets and rocky outcrops dotted along the coast, abundant civilian sea traffic and wrecks littering the seabed combine to made ideal conditions for intruder submarines.

All good reasons, perhaps, to explain the Swedish military's continuing inability to force any of the intruders to the surface for positive identification.

After the spectacular, fruitless attacks in recent days against suspected underwater craft with salvoes of depth charges and mines in the fjords around Sundsvall, the armed forces have had to give up the hunt, empty handed. With exits from the area mined, the navy assumed that one or more midget submarines were trapped behind the mine barrier, and waited for days for them to make the next move.

Every civilian ship movement—such as the ferries to Finland or the arrival at the weekend of a Soviet chemicals tanker—was closely shadowed to try to prevent the submarines using such cover to escape, a tactic widely used in the Second World War.

But it seems that the Swedish military has again had to admit defeat. The only submarine it has caught to date was a Russian "own goal," scored when a Soviet Whisky class submarine ran aground near the naval base at Karlskrona in 1981.

But why the sudden increase in violations of Swedish and other Nordic waters? The latest appear to be particularly arrogant at a time when relations between Sweden and the Soviet Union are at a new low following the publication of the Government's report into submarine incursions last autumn to the Stockholm Archipelago, when a mini-submarine is thought to have penetrated to Stockholm's harbour.

OWN GOAL: The submarine which went aground.

Tracks found on the seabed and other tell-tale signs have led the Swedish authorities to believe that as many as six foreign submarines were operating in the Stockholm Archipelago on that occasion. "Three of these were manned midget submarines, with a bottom crawling capacity of a hitherto unknown character," said the report.

Despite only circumstantial evidence, the blame for the incursions was pinned firmly on Moscow, an accusation that Sweden could not make lightly given its policy of studied neutrality. More than 40 submarine violations of Swedish territorial waters were recorded last year alone.

Last week Moscow rejected the Swedish Government's latest strong protest Note about last year's incursions, on the grounds that it was unfounded. It was an unfriendly act of anti-Soviet propaganda, Mr Boris Pankin, the Russian ambassador in Stockholm, informed Mr Olof Palme, the Swedish Prime Minister.

Mr Palme said there was no reason for "panic or hysteria" but admitted that the submarine intrusions went "to the heart of our neutrality policy." Swedish security policy is founded on the tenet of "non-adherence to alliances in peacetime, aiming at neutrality in case of war," but such even-handedness is being severely tested.

In private Swedish officials clearly see the increased submarine activity as part of a Soviet military operation involving reconnaissance, planning and the testing of new equipment. "In planning different war scenarios, there must be a scheme for conquering part of the Norwegian coast. They would probably have to come through Finland and Sweden by land, but also by sea," admits one senior official.

The growing Soviet Atlantic and Baltic fleets also need assured access to the home Baltic ports through the narrow straits separating Sweden from Denmark. With the longest coast of any Baltic nation, Sweden poses an obvious threat to the Russian flank in the Baltic, and it is perhaps not surprising that its defences are being tested.

The most significant development is the new intensity of foreign submarine operations and the fact that operations are continued after detection. "It could be the slow working of Soviet bureaucracy, or it could be the wish to show that they have hegemony in the Baltic, whatever the Swedes do," said one Foreign Ministry official. "But they are taking a hell of a risk of running aground or getting hit."

The Swedes are trying hard to dispel any suspicion of softness, that they are not doing all they can to force submarine intruders to the surface. Attack rules have been sharpened, new equipment and weapons including target-seeking torpedos are being procured and it is likely that the defence budget will be increased to accommodate more spending on submarine defence.

Suspicions will linger, however, until the dangerous game of hide and seek in the Swedish fjords produces some tangible results for the military.

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S. Africa's ruling party suffers by-election blows

BY J. D. F. JONES IN JOHANNESBURG

SOUTH AFRICA'S ruling National Party bas emerged from Tuesday's round of by-elections severely, but not disastrously, battered by the new and ultra-right-wing Conservative Party.

It is widely believed here that the result is bound to dictate caution to Mr P. W. Botha, the Prime Minister, as he proceeds with his proposals for constitutional reform under which the Coloured and Indian minorities would be readmitted to a junior rola in the republic's white-controlled political system.

Of the four by-elections, all in the Transvaal—three for the national Parliament and one for the provincial legislature—the National Party held three, though with a considerably reduced proportion of votes cast.

However, Dr Andries Treurnicht—lesder of the Conservative Party and former National Party Cabinet Minister—decisively won the constituency of Waterberg.

This is the first seat the party bas lost to the ultra right-wing since it came to power in 1948.

But the Conservative Party, which will now have 17 MPs, all of whom defected from the Government benches in February 1982 in protest against the Prime Minister's plans for "healthy power-sharing," did well in all four contests.

Two black men have died in custody in 10 days at a police station in Eastern Transvaal Province, police beadquarters confirmed yesterday, AP reports from Pretoria. The two deaths came a month after officers from the same Dirkiesdorp station shot dead Mr Saul Mkhize, leader of the Driefontein community during a community meeting. A police spokesman in Pretoria said investigations had been launched into the latest deaths.

The most important was the other extreme - conservative farming constituency of Soutpansberg, where the sitting MP, Mr Fanie Botha, Manpower Minister, held oo to his seat with a majority of 621 against the challenge of a Conservative Party leader, Mr Tom Langley.

Loss of Soutpansberg would have been disastrous for the Governmant, not least because it was Mr Fanie Botha, a leading "reformist" colleague of the Prime Minister, who provoked the whole mini-election by rashly challenging Dr Treurnicht in Parliament.

Tha Nstional Party fared better in the third parliamentary contest, in the wealthy Pretoria suburb of Waterkloof, where tha bigger challenge seemed to come from the official opposition Progressive Federal Party.

The PFP had boped to achieve its first Pretoria seat but in the event the Nationalist candidate slightly increased his majority, despite a strong Conservative Party showing.

Another reason why this round of by-elections has attracted such intense interest bere is that it offered a comparison between the two ultra-right parties, the CP and the older Herstigte Nasionala Party (HNP).

Tha result was elear. In Waterberg, the HNP leader, Mr Jaap Marais, was firmly beaten into third place, as also bappened to his colleagua in the Carletonville provincial poll.

Tha Government will view this with mixed feeling because it strengthens the likelihood of an obvious merger or alliance between the right-wingers which has thus far been prevented by personal rivalries.

But there is plenty of evidence—confirmed again in Carlatonville this week—that in a large number of constituencies the National Party could be defeated by a single right-wing opponent. The Conservative Party has now justified its argument that it should be the leading member in such an alliance.

Labor man named by Hawke in envoy case

By Colin Chapman in Canberra

MR BOB HAWKE, Australia's Prima Minister, confirmed yesterday that Mr David Combe, the former national secretary of the Labor Party, appeared to have bean compromised by a relationship with a Soviet diplomat which could give risa to serious security concern. The diplomat, Mr Valeri Ivanov, was expelled just over a fortnight ago.

Mr Hawke said the link had mada it "no longer appropriata for government Ministers to deal with (Mr Combe)".

Tha affair has provided Mr Hswke with his first major crisis since assuming office after the March 5 election.

● Australia's balance of psyments showed a further improvement in April, largely as s result of a further large increase in the amount of foreign capital flowing into the country since the election.

Figures released yesterday showed an overall surplus of A$986m (£615m). There was a trade deficit of A$5m and a current account deficit of A$529m, but net apparent capital inflow was A$1.5bn.

Exports fell by A$182m or 11 per cent to A$1.5bn. Imports were down by 16 per cent, or A$291m to A$1,545bn.

India urged to tax rich farmers

BY K. K. SHARMA IN NEW DELHI

THE WORLD BANK has urged India to tax its rich farmers and curb imbalances in infrastructural investmeot to encourage more rapid economic growth and development.

The recommendstions are made in the bank's aonual coofidential report on the Indian economy, prepared for the Aid-India Consortium meeting in Paris oo June 14 and 15.

It says the rich farmers should be taxed, despite political and administrative difficulties, to raise additional resources for developmeot. At present, income from agriculture is exempt from tax, and the Governmenl would find it difficult to accept the recommeodation because of the powerful farmers' lobby in the country.

On the imbalances in infrastructural investmeot, the hank says these could have "serious consequences for the future growth aod efficieocy of the economy." For a number of years infrastructural coostraints like low electricity generation, transport bottleoecks and finance have beld up economic development.

The bank says India will have to depend increasingly oo its own domestie savings to protect the existing level of investmeot because of the barsh external environmeot and the likelihood that concessional aid will decline. Foreign savings will thus be an unreliable source in future years.

At the same time, the hank places renewed emphssis oo increasing concessional assistanca with its "critical role" to support Indis's efforts to adjust towards "a more open ecooomy." improve its credit-worthiness for non-concessional borrowing, and strengthen the prospects for more rapid growth.

The hank report compliments the Government for efficient management of the economy in many sectors, notably in holding down the inflation rate to 2.2 per ceot in 1982.

The bank says India's balance of paymeots position should remain "manageable" as long as emphasis continues to be placed on export growth, avoidance of unnecessary imports through improved capaeity ntilisation, and efficient allocation of resources.

Iodia could also make greater use of borrowing eapacity in world capital markets but, for a poor country, a larger inflow of concessional assistance can "directly enhance India'e growth prospecis without further squeezing low levels of consumption there."

China seeks Antarctic Treaty membership

BY MARK BAKER IN PEKING

CHINA is seeking membership of the Antarctie Treaty and plans to establish a permanent research station on the cootinent.

The move would consolidate China's expanding interest in Antarctie research and give it a say alongside, the U.S., the Soviet Unioo and other treaty nations on the future status of the area.

Australia is expected tu back China's initial recognition as a "contracting party" to the treaty, which would enable it to be formally recognised by the 14 treaty nations and expand its research.

But China is believed to be determined to achieve full status as a signatory. This would require it to make "substantial" scieotific research, such as building a statioo or mounting indepeodeot expeditions.

China formed a national committae for Antarctic research in 1981 and since early 1980 has sent 19 scientists on various missions with the support of Australia, New Zealand, Chile, Argentina and other nations.

Mr Wu Heng, the committee's director, said yesterday that the standing committea of China's National People's Congress had decided to seek membership of the treaty to "help Chinese scientists further their co-operation with other countrics in polar research and tha earth sciences."

China planned to set up its own resesrch stством in Antarctica "when conditions permit." It had plans to establish a polar research institute, traln more specialist scientists and increase the number of scieotiste visiting Antarctica.

The Chinese are believed to baove recently iovestigated the possibility of refittiog a ship as an icebreaker.

China's principal iotcrest in Antarctica was spelled out in the official party newspaper, People's Daily, earlier this week: "According to preliminary exploration, the Antarctica is rich io petroleum, gas, rare metals, whales and shrimps. At the same time, it is a natural scientific laboratory."

Concerns hsva beeo expressed by some Third World countries that the treaty nations are a club acting to preserve the increasiogly apparent natural resources of the area for their own use.

Hope blooms in the Baluchistan desert

BY DAVID DODWELL, RECENTLY IN QUETTA

A TEAM of U.S. surveyors on assignment in Baluchistan once reported that its gnarled terrain was the nearest thing on Earth to Mars. The Pakistan Governmenl wants to turn the province into the orchard of the Middle East, and announced a $1.5bn plan at the weekend with just this purpose in mind.

Baluchistan is Pakistan's largest, poorest and most abysmally neglected province, and the plan is as much aimed at coaxing the independently-minded Baluch tribes inlo the federal fold as at overcoming poverty.

The heavily armed guerrillas of the Baluch People's Liberation Front are still capable of mounting s major uprising against Pakistani rule from their base camps in the Baluchistan deserts and in Soviet-controlled Afghanistan.

The plan relegates into second place the search for mineral wealth which has dominated development efforts in Baluchistan for the past 35 years. Oil, gas, copper, gold and uranium are among the minerals known to be present. The new sgricultural development plan would bring visible benefits to tha 4.3m subsistence farmers and nomadie berdsmen of the area, which accounts for 45 per cent of Pakistan's total land area.

Dr Mahbub ul Haq, Pakistan's Minister of Planning and Development, sald in Quetta, the capital of Baluchistan, at the weekend: "The plan will be costly—it will be like opening up a new wild west. But Balochistan has tremendous agricultural potential which has never been exploited because for 35 years we have ooly looked for minerals."

Through a programme of valley development along five river valleys—comparahle to the Tennessee River Valley Scheme in the U.S.—the Government plans to tap vast proven reservoirs of undergrouod water to turn the Baluchistan desert green. About 15m acres is cultivatable, of which only 3m acres is currently irrigated.

Pakistan itself has only a fractioo of the funds needed to develop the area. For that reason, the international aid consortium to Pakistan, whieb met recently in Paris and committed $1.4bn to the country for the next year has agreed to meet again in December to consider support for s special Baluchistan Integrated Developmeot Plan.

Dr Mahbub will be seeking foreign aid aod commercial hank funding for at least two-thirds of the $1.5bo allotted for development of the province over the five year plan.

The extent of Baluchistan's baekwardness is extreme even wheo compared with impoverished Pakistan. Average per capita income is thought to be about $180 a year.

Admitting the neglect of past governments, President Zia ul Haq has since 1978 emphasised the development of Baluchistan as the highest priority. Allocations from the martial law regime's federal development budget have been boisted from Rs 280m (£14.5m) in 1978 to Rs 650m this year. A special programme for 1983 amounting to a further Rs 860m means the Government has put in Rs 1.5bn this year

Its achievements so far are the completion of the metalled road from Karachi to Quetta—a road planned almost 20 years ago — the linking of Quetta to the Sui gas national grid, end the completion of the Hub dam near Karachi. Electricity has also been laid on to 250 villages.

A main feature of the future development plan will be dam building and the sinking of deep wells. The Patfeeder canal from the Indus is to be widened, and dams at Mirani, Khushdil Khan and Badinzai are to be built.

Electricity for deep well pumps will come from new thermal stations across ths province. Capacity is to be raised from the present 148 Mw to 400 Mw. Among these etations will be a 70-100 Mw coal fired plant at Duki using local coal. A further 1,000 villages are expected to get electricity.

While the hunt for minerals has been relegated, it has not been abandoned. Biggest hopes sre pegged to the Saindak area. Vast reserves of copper, along with gold, iron ore, and minerals like molybdenum and ehromium, have been known about for 20 years.

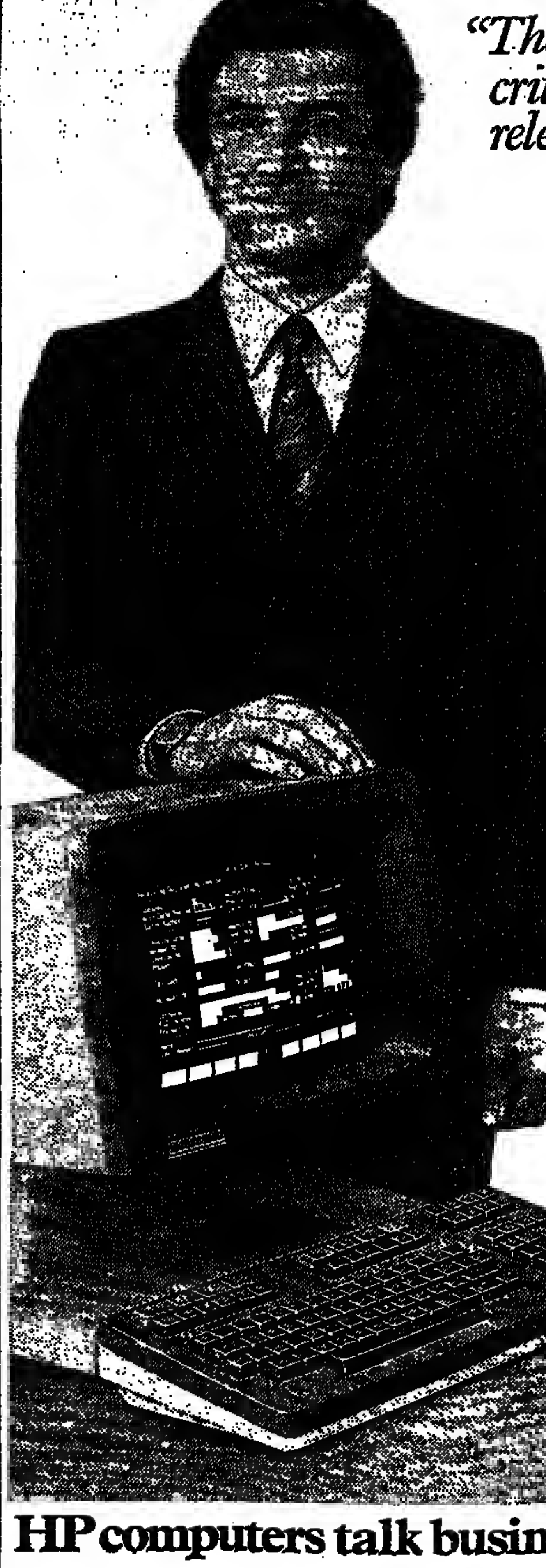
But the sheer remoteness of the site, coupled with security worries—Sandak is near the point where Pakistan borders with Afghanistan and Iran—have stymied development so far.

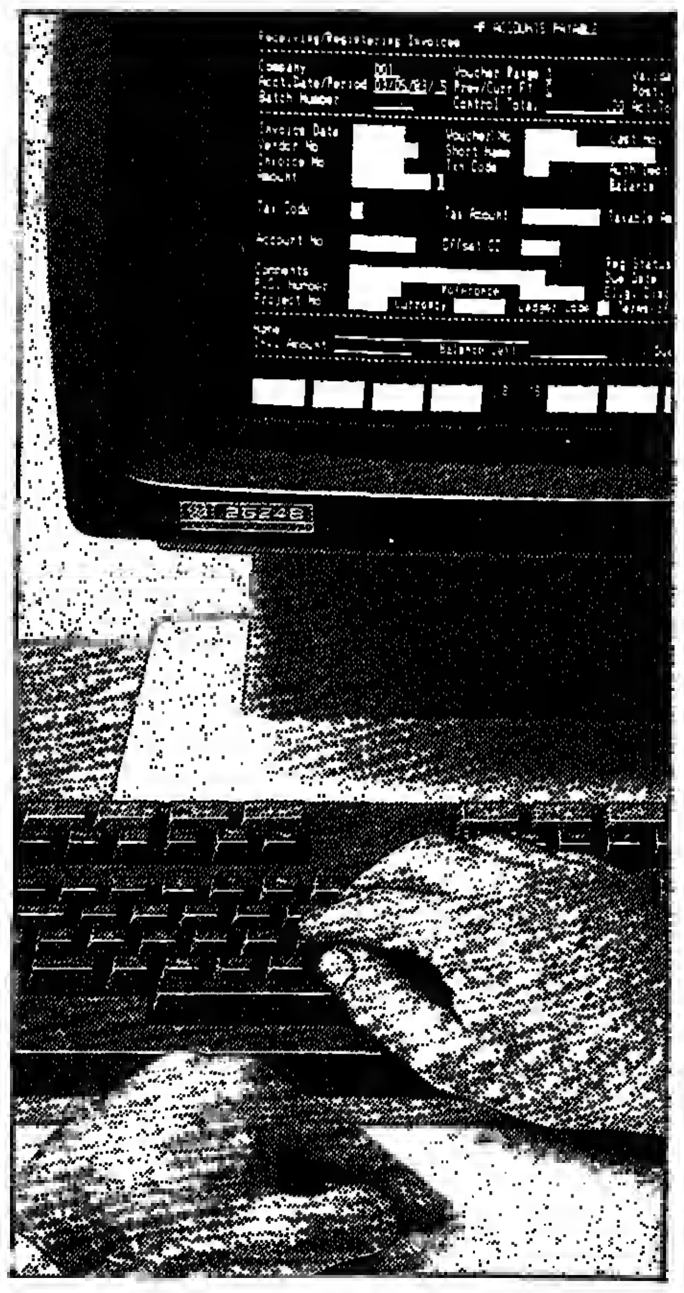
Afghan talks planned

Pakistan's Foreign Minister, Sahibzada Yaqub Khan, is to visit the five permanent United Nations Security Council members to discuss an Afghan peace settlement, a Government statement said yesterday, Reuter reports from Islamabad. It said he would visit China on May 15 and 16, but gava no dates for visits to the U.S., the Soviet Union, Britain and France.

Pakistan and Afghanistan have held two rounds of indirect talks in Geneva about a settlement of the Afghan problem and a withdrawal of Soviet troops. Sr Diego Cordovez, the UN special envoy is acting as intermediary.

President Ziaul-Haq said in a television interview earlier this week that the Soviet Union was in difficulties in Afghanistan and might be prepared to withdraw its troops.





Setback for Brazilian loan package

BY WILLIAM HALL IN NEW YORK

A COMPROMISE plan to encourage U.S. regional banks and others to increase their loan exposure to Brazil to help it cope with serious short-term liquidity pressures has failed to win the backing of all the major banks involved in the negotiations.

The main stumbling block is a plan to increase commercial banks' interbank lines to Brazil from their current level of ebout $6bn to $7.5bn by the end of June and to $9.4bn by the end of the year.

European banks have agreed to increase their lines on a pro rata basis but several of the smaller U.S. regional banks are apparently reluctant to agree to the request which is important if Brazil is to weather short-term liquidity pressures.

A meeting in New York on Monday of the 12 bank liaison committee on Brazil considered a compromise plan which would have allowed banks to increese their trade financing commitment to Brazil while not increasing their interbank lines by the amount initially required.

These two items are being dealt with separately, as projects three and four, of the four-part Brazilian rescue package which was initially signed in February

The first two parts involving $4.4bn of new money and a $4.6bn rescheduling of 1983 deht, have already been agreed.

However, some of the banks represented on the liaison committee, which is supervising the Brazilian debt rescheduling, are believed to have refused to allow the interbank line question to be merged into the separate trade finance Isue. They still feel that both issues should be dealt with separately and the U.S. regional banks should not be ellowed to subscribe relatively less than other banks to the restoration of interbank lines.

Andrew Whitley in Rio de Janeiro adds: Brazilian banks yesterday launched a last-ditch effort to head off the anticipated presentation before the Federal Congress in Brasilia of a private Bill to nationalise all foreign and locally owned banks.

On the even of yesterday's scheduled debate there were signs that the Bill's sponsor was coming under strong pressure

However, the proposals already appear to have had an adverse impact on the delicate state of Brazil's international bank-financed rescue package.

Yesterday's *Gazeta Mercantil* newspaper said Brazilian bank hranches abroad have suffered fresh withdrawals of deposits and credit lines in response to the Bill.

Pilots may take stake in airline

By Paul Taylor in New York

EASTERN AIRLINES' pilots could end up owning more than a 5 per cent stake in the financially troubled U.S. airline after reaching tentetive agreement on a major package of concessions which the company claims could save it about $100m (£64m) over two years.

Eastern, the fourth largeat U.S. carrier, announced preliminary agreement on the package of concessions last Friday. Under the scheme, Eastern said its 4,200 pilots will receive "certain securities" in return for deferring wage increases.

Details of the agreement are due to be set out in a Scurities and Exchange Commission filing on Friday. However, leaders of the pilots' association said yesterday that under the terms of the agreement they would receive a "substantial" equity stake in the company through the issue of convertible deht.

Because the agreement has yet to be filed with the SEC, the airline and pilots were unable yesterday to comment on the size of the equity stake.

However, it is understood the airline would issue new subordinated deht securities which could he converted into an equity stake of between 5 and 10 per cent.

Senators back Salvador aid plan

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE Senate Foreign Relations Committee has approved a compromise U.S. aid plan for El Salvador, sharply reducing the military assistance sought by President Ronald Reagan for the embattled U.S.-backed Government but granting his full request for economic aid.

The unanimous vote on Tuesday night appeered to mark a step forward for Mr Reagan's attempt to forge e hipartisan policy on Central America.

The compromise, put forward by Senator Nancy Kassebaum, a Kansas Republican, provides for $76m (£49m) in military aid this year, against the $136m requested by Mr Reagan, with an understanding that more funds might be approved later. Military aid in fiscal 1984, which begins on October 1, would be also limited to $76m, against a Reagan request of $86m.

The Administration called the outcome e substantial improvement on earlier plans discussed hy the committee, but reserved the right to fight to increase the amount on the Senate floor.

The figure approved by the committee was considered by congressional officials to be enough to enahle the El Salvador Government to maintain its present level of military activity egainst the guerrillas.

The compromise plan granted Mr Reagan's full request for $140m in economic aid in fiscal 1983 and $120m next year. It stipulated that $20m of the extra military funds should be spent on training Salvadorean forces in the U.S., so as to reduce the need for American trainers on the ground in El Salvador.

The House Foreign Affairs Committee was due to vote later yesterday on another compromise package for El Salvador, which was expected to put a series of conditions on additional aid. The conditions seemed likely to include moves by the El Salvador Government to open "good faith" negotiations with the guerrillas without preconditions, and tighter Congressional control over future aid.

OECD unions press for reflation

BY JOHN LLOYD, LABOUR EDITOR

TRADE UNION leaders from the OECD countries will tomorrow meet President Reagan in edvance of the seven-nation economic summit in Williamsburg, Virginia, on May 28-30 to press their case for co-ordinated reflation in Western economies.

The OECD's Trade Union Advisory Committee (TUAC) will tell Mr Reagan, the summit host, that primary responsibility should be given to the maintenance of full employment as a basic aim of all countries' policies.

TUAC will present a paper, adopted at its plenary session in Paris last month, which argues that "co-ordinated ection is the safest and least costly way to recovery. Making positive use of the interdependence of the OECD economies, as well as that of the industrialised democracies and the developing world, will maximise the benefits for all."

The document says that "full employment policies mean that governments should cease to seek a recovery through deflation, lower wages, and e dismantling of the social safety net. Real structural change which benefits the economy requires more than relying upon market forces only."

The unions' position, though strongly pressed, is unlikely to have much impact upon summit discussions.

Washington wonders, but only Ronnie knows

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

IS RONNIE running? With 1984 fast approaching, and both Democrats and Republicans growing increasingly restive, a lot of people inside end outside Washington would like a clear answer.

Just about the only senior political figure who believes that President Ronald Reagan will not go for a second term is Mr Tip O'Neill, the plain-speaking Democrat Speaker of the House of Representatives.

Mr O'Neill says that Mr Reagan will announce that be is standing down, probably late this summer, after discussions with his wife, Nancy, and his closest advisers from California. The kitchen cabinet consensus, he believes, will be that Mr Reagan does not need "four more tough years" in the White House.

Virtually everyone else, from Mr James Baker, the White House Chief of Staff, to pollsters, political analysts and pontificators in general, believe not only that Mr Reagan will run hut that be bas already started to do so. "All of us who work with him on a day-to-day hasis are firmly convinced thet he will run," said Mr Baker this week. Or, more bluntly from Mr Michael Deaver, Mr Baker's deputy and a long-time Reagan intimate. "He'll run."

Mr Baker stresses that Mr Reagan himself has not yet made the final decision. The official line from the White House is that he will wait until around the Labour Day holiday which marks the onset of autumn to make an official announcement.

But if Mr Reagan has not yet crossed the Rubicon, he certainly has at least one foot planted firmly in the water, and almost every day brings fresh signals that he is preparing himself for the final plunge.

His close friend, Senator Paul Laxalt of Nevada, has been installed as the general chairman of the Republican Party, a position in which be will be well placed to mastermind the next Republican Presidential campaign. Mr Laxalt—Mr Reagan's "eyes and ears" in the Senate—says that he was only persuaded to take the job because he was convinced that Mr Reagan was running.

An unofficial group of advisers and officials in Washington has already started laying the basis for a Reagan re-election campaign, including visiting to the sites of some of next year's key primaries with White House blessing, although Mr Reagan is still refusing to authorise the establishment of a formal re-election committee.

The President bas revealed that if he seeks e second term he would like Vice-President George Busb to be his running mate egain, and he has recently sharpened the tone of his attacks on leading Democratic hopefuls like former Vice-President Walter Mondale. He is constantly dropping hints that the "Reagan revolution" cannot be completed in e single four-year term.

Most graphically, he recently told the Conservative Political Action Conference that his "clean-up crew" would need more than another two years to "deal with the mess left by others over half a century."

In a five-day swing through Texas, Arizona, California and Ohio ending earlier this week, Mr Reagan gave every appearance of a man on the campaign trail. He wooed Hispanic voters in San Antonio and touched hase with traditional right-wing supporters like the National Rifle Association in Phoenix. In Ohio, he returned to the themes of his successful 1980 campaign, blasting hig government and the misguided "utopian" social programme of the past.

Inauguration: Nancy looks on as the President takes the oath.

Some of his advisers are now pressing him to come clean as quickly as possible so as to put an end to uncertainty and allow them to atart raising funds and organise the campaign. Mr Reagan, however, seems to want to wait until the last possible moment.

He has every reason for delay. If be opts out too soon, he risks a long period as a "lame duck" President with sharply reduced influence. If he announces that he is running, on the other hand, he fears that all his subsequent actions will be interpreted as political moves designed to ensure re-election, and that he will stand even less chance of achieving the more hipartisan economic, defence and foreign policies that be is now seeking. It is, of course, also possible that be really has not finally made up his mind.

The greatest urgency is felt by his Right-wing supporters, who fear that the Republican nomination will go to the "moderate" Mr Busb by default, if Mr Reagan holds on too long and then "walks eway" from the election. It is hard, however, to see who else might win the nomination apart from Mr Bush.

The darling of the conservatives, Representative Jack Kemp of New York, is a long shot outside, as is Senator Charles Percy of Illinois, chairman of the Foreign Relations Committee. The name of Senator Robert Dole, chairman of the Finance Committee, has also been fairly frequently mentioned, but be is widely believed to have been largely responsible for Gerald Ford's defeat by Jimy Carter in 1976, when he was Mr Ford's running mate.

That leaves Senator Howard Baker of Tennessee, the Senate majority leader, who is both popular and known to have Presidential aspirations. But be would have little time to mount a serious campaign and is in any case believed to be thinking more in terms of 1988 than 1984.

The likelihood that Mr Bush would perform poorly against Mr Mondale or the fast-rising former astronaut Senator John Glenn, of Ohio, could be another important reason for Mr Reagan to run again himself.

Against Mr Reagan is the "senility factor." He is increasingly showing his age—he would end a second term just before his 78th birthday—and his deafness is getting worse. He is increasingly prone to ramble and to get answers to questions embarrassingly wrong in the absence of his three-by-five-inch briefing cards or a teleprompter.

But with the economy recovering, most Democrats admit that he would be hard to beat, much harder than Mr Bush. Even Mr O'Neill concedes that a contest with Mr Reagan would be "tough." While Mr Reagan is still keeping his options open, Mr O'Neill's confident prediction that be will drop out of the race may turn out to be no more than wishful thinking.

Guidelines for joint ventures outlined

By Paul Taylor in New York

MR WILLIAM BAXTER, the U.S. Justice Department's anti-trust chief, has outlined, for the first time, specific guidelines for U.S. companies wishing to establish joint research ventures without running the risk of breaking the law.

Mr Baxter's statement, delivered at a meeting organised by the National Association of Manufacturers, is seen as an attempt to clarify the rules for, as well as encouraging, joint research and development efforts by U.S. companies

Until now, U.S. businessmen have complained that U.S. anti-trust laws discouraged joint venture research and development work and put them at a competitive disadvantage with companies in Japan and elsewhere.

Mr Baxter did not refer specifically to these concerns,

According to a report in the New York Times, he said that in general terms such joint ventures between U.S. companies would be permissible where the companies together account for less than half of an industry market and where their collaboration would still leave room for at least four to six competing ventures in the field.

Iran to pay 1979 debts

FIRST NATIONAL Bank of Chicago said yesterday it has settled it's outstanding debts with Iran which date from Autumn 1979 following the seizure of the U.S. embassy in Teheran.

Under the agreement, the latest in a series of U.S. banks' settlements, First Chicago will receive $13m (£8.4m) which represents all the bank's outstanding loans and interest.

Iran is also to pay an edditional amount ef more than $700,000 (£452,000) interest due on syndicated loans.

China refuses to negotiate on EEC textiles agreement

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

HOPES THAT the EEC and China might be able to reach agreement on future levels of trade in textiles and clothes have been rudely shattered following the refusal of the Chinese to begin negotiations.

A Community delegation returned empty-handed to Brussels from Peking yesterday after four days of non-talks in the Chinese capital.

"The Chinese gave no indication of their demands and just remained silent," one EEC official stated.

The disappointing meeting, which surprised diplomats, follows the breakdown of talks in an etmosphere of bitter recrimination between China and the U.S. earlier this year.

The EEC is hoping to renew e four-year pact limiting imports from China. The present agreement runs out at the end of the year, but there are now doubts whether this timescale can be met.

China'e vast textile and clothing industries are expanding rapidly and causing great concern in the West because of the very low wages—and therefore, prices—in the country. Mr David Briggs, managing director of William Root, told tha Confederation of British Wool Textiles in London yesterday that "China is giving us great cause for concern. It is intent on building an industry that will be a strong exporter to the West.

"China has recently entered into licensing agreements with the International Wool Secretariat and it is clear that this is to enhance its export potential."

At the same time Western industry is heavily dependent on some Chinese fibres, such as cashmere, angora and silk, and wants continued access to these.

The present agreement on cashmere, for instance, limits Chinese exports into the whole Community to 500 tonnes a year. Despite this, Britain alone imported 1,600 tonnes last year and the EEC as a whole took 3,000 tonnes.

The failure of the Peking talks was all the more surprising to the EEC because it had been given to understand last month by thn Foreign Trade Minister, Chen Muhua, that China wanted to increase its trade. The EEC had expected China to seek bigger quotas.

The Community was successful last year in containing the rate of growth of trade with Far Eastern low cost suppliers under the Multifibre Arrangement, a move which caused much hitterness in the area. Hong Kong only last week accused the EEC of forcing 'much more restrictive' agreements on the countries in the area.

Singapore short-lists UK company for metro

By Hazel Duffy, Transport Correspondent

METRO - CAMMELL, the British manufacturer of mass transit rolling stock, is one of 10 groups of companies which have been pre-qualified by the Singapore authorities to tender for contracts for the new underground railway.

The rolling stock contract is one of four major contracts for electrical and mechanical equipment on the metro. Tho pre-qualification lists of companies have also been published for the other three contracts—power equipment; cabling; and signalling, platform screens and doors.

The contracts, for which the manufacturers expect to be invited to tender in the autumn, will be fiercely fought for because the Singapore metro looks to be the most important and certain international metro project going ahead in the near future.

The rolling stock contract will be for 144 cars, valued at $200m, which will be the first stage of a 456 cars contract. Metro-Cammell, in a joint venture with Singapore Auto Engineering, is the only British company to be selected in the rolling stock sector.

Other groups include two from France, one led by Francorail and the other by Alsthom-Alantique; a Japanese group which includes Kawasaki Heavy Industries; a five-strong West German group including MAN, AEG, and Brown Boveri; two Canadian groups, one including Hawker Siddeley Canada, and the other led by Bombardier. Consortia from Belgium, Finland and Sweden have also pre-qualified, as has the Budd Company from the U.S.

Three British companies have been short-listed for the signalling, platform screens and doors contract—Westinghouse Brake & Signal, GEC General Signal, and PLC Peters. Two Japanese groups, including Mitsubishi and C. Itoh, have been selected, in addition to groups from the U.S. and France.

The short lists have been selected from hundreds of companies which registered with the Mass Rapid Transit Authority. The short list of civil engineering contractors, totalling 34, was announced in March.

European Space Agency leases satellite

Financial Times Reporter

THE International Maritime Satellite Organisation (Inmarsat) has signed e $64.5m contract with the European Space Agency to lease the 40-voice-channel capacity of Marecs B2, a maritime communications satellite. It will be the ninth satellite in the Inmarsat system, which provides the capacity for telephone, telex, data and facsimile services for the shipping and offshore industries around the world.

The London-based 38-member-country organisation negotiated the contract for the satellite as a replacement for Marecs B, which was lost following a launch failure last September. A similar satellite, Marecs A, is already in operation over the Atlantic Ocean.

The new satellite is expected to be launched in mid-1984 and will be positioned over the Pacific Ocean.

California call to stem wine imports

WASHINGTON — A senator from California on Tuesday asked the Reagan Administration to stop imports of subsidised foreign wines, particularly from EEC countries.

Senator Pete Wilson, e Republican, writing to Mr Richard Lyng, deputy U.S. secretary of agriculture and a fellow-Californian, suggested that American growers may ask for "countervailing duties" to increase the price of imported wine in the U.S.

AP

Compressor order

The Cooper Rolls organisation has won two contracts from the oil and gas industry totalling nearly £12m to supply five gas compression systems for gas production and separation duty in Thailand, our World Trade Staff writes.

Gulf cement plant

A West German-Japanese consortium has won a Y17bn (£46.5m) order from Ras al Khaimah in the United Arab Emirates, for a white cement making plant, consortium member company, Hitachi Zosen, said, according to Reuters from Tokyo.

The other members of the consortium are Humboldt Wedag and Nichimen Corporation.

Dutch asked to discuss oil slick clean-up

By Walter Ellis in Amsterdam

THE DUTCH Minister for Transport and Water Management, is to tarvel to Kuwait Sunday at the invitation of the Kuwaiti Health Ministry to discuss a Dutch plan to clean up the massive oil slick now endangering large areas of the Arabian Gulf coast.

The Minister, Mrs Neelie Smit-Kroes, will be accompanied by senior officials of the Dutch Economics Ministry as well as by representatives of the consortium of companies which hopes to carry out the work.

If the consortium is given the go-ahead by the Kuwaitis, the contract could be worth many millions of dollars. One recent estimate of the cost of the clean-up given by the Dutch group of companies was $6bn.

Patronat chief denies France is protectionist

TOKYO — France is among the least protectionist countries in the world despite Japanese claims that it has some of the toughest restrictions on imports, e leading French industrialist said bere yesterday.

M Yvon Gattaz, president of the Conseil Netional du Patronat Francais, the French businessmen's organisation, said France could not afford to be protectionist because it relies heavily on exports.

"Our exports per Frenchman are 30 per cent greater than Japan's exports per Japanese," he said.

M Gattaz, who head's the high-technology company, Societe Radiall, reminded reporters at a news conference at Japan's National Press Club of the FFr 130m (£11.3m) trade deficit France racked up with Japan in 1982.

Recent Japanese pledges of export restraint are not enough to correct this, M Gattaz said. "In any case, they should only be temporary," he said, and called instead for further opening of the Japanese market and increased technical co-operation

The French industrialist is visiting Japan for a week. He has met with Minister for International Trade and Industry Sadanori Yamanaga, and other government and industry officials.

M Gattaz said be had emphasised the advantages of joint ventures between French and Japanese companies, in the talks pointing to the tie-up between the French electronics giant Thomson and JVC as an example of Franco-Japanese co-operation.

JVC said in its annual earnings report, released in Tokyo the same day M Gattaz made his remarks, that it recorded an overall 2 per eent decrease in profits in fiscal 1982. It blamed the drop partially on the so-called "Poitiers measure" by France last year to restrict Japanese video cassette recorders (VCR) imports.

M Gattaz said he told them the Patronat did not represent the French Government, and often disagreed with the Socialist policies of the present Government. "The Petronat is against protectionism," he said. "We support free trade."

"But I also told the Japanese that France is not just e country of culture, art, fashion, champagne and perfume," he said. "On the contrary, France has many strengths in technology that are not well known in foreign countries."

He pointed to biotechnology, nuclear reactors, agriculture, pharmaceuticals, water treatment and weapons as fields ripe for the combination of "French innovation and the Japanese capacity to make highly competitive products."

Uruguay treads a careful path in its trade with Britain and Argentina

BY JIMMY BURNS, RECENTLY IN MONTEVIDEO

JUST A few hours after a leading British diplomet in Buenos Aires had received the latest in a series of death threats against Britons resident in Argentina, Mr Cranley Onslow, the UK Minister of State for Foreign Affairs, was leaving the VIP lounge in Montevideo airport for e series of "frank and open" talks with Government ministers and businessmen.

This contrast in UK officialdom earlier this month epitomises Britain's mixed fortunes in the River Plate region in the wake of the Falklands war.

In Argentina, the continuing mutual trade embargo and the ban on remittances of profits abroad by British companies, has frozen any prospect of increased UK investment in the short-to-medium term.

Argentina and British officials share the view that even if the two countries eventually agree to resume negotiations on the future of the islands, the damage to trade relations between the two countries might be irrevocable.

In Uruguay, the Government's neutral stance both during and after the crisis has meant that British interests have remained unaffected, and there is cautious optimism that trade and investment will grow.

In his talks with Uruguayan officials, Mr Onslow is understood to have made progress towards the eventual signature of an "investment protection treaty" designed to attract British companies to the area.

Uruguay already has generous foreign investment code under which British companies such as Glaxo, ICI, Bolsa, and Shell already operating in the country can remit profits freely, sell assets and be entitled to certain tax incentives. The treaty, which could cover aspects such as compensation in the event of nationalisation, is seen by British officials as an additional but necessary 'safety valve' in a politically volatile region.

"We need to protect ourselves as best we can against the kind of erbitrary measures which have been taken in Argentina," said one UK official.

BRITISH-URUGUAY TRADE

	UK imports £m	UK exports £m
1982	23.1	13.9
1980	16.8	24.7
1978	24.2	17.4
1976	13.2	10.5
1974	9.2	6.6

Source: Department of Trade

Although traditionally quieter than its neighbour, Uruguay is likely to become more hectic with the approach of the first democratic elections in more than a decade scheduled for November, 1984. One major party, the Colorados, has already declared publicly it would like to curb what it sees as the excessive hold hy foreign interests on certain parts of the economy, such as banking. But for the moment local British officials believe radical changes in the Uruguayan economy are unlikely.

The Uruguayan Government is hoping for an export-led recovery largely through agricultural goods, and it is here that British companies could manoeuvre a firmer foothold. A UK consultant, as yet unnamed, is likely to win a major contract over the next few months for the reorganisation of Uruguay's meat-processing industry.

The sector was the huh of UK economic interests in Uruguay before World War II, but has since been gradually taken over by locel business. But many of the meat processors have reacted slowly to the fluctuations in world demand for meat because of poor organisation, lack of adequate market research, and the obsolescent state of many of their plants.

"The consultants will have to establish whether the industry should be scrapped or whether there is the possibility of an important expansion through a major re-equipment and modernisation. If the latter turns out to be the case Britain could have a role to play," said one UK trade official.

He was thinking not just of increased exports of Uruguayan corned beef—last year out of a total of 114 tons exported, 62 went to the UK—but in possible future contracts for UK engineering firms and capital goods exporters. Of Uruguay's 18-odd existing processing operations, only one can meet current EEC health standards.

The Onslow visit is to be followed later this year hy e Uruguayan trade mission to London led by Sr Jorge Sierra, the director general of External Commerce.

"I think we have tended to react slowly to the potential offered by the British market.

Mr Cranley Onslow: "frank and open" talks in Montevideo.

I want to give our trade relations with the UK a good push," he said in a recent interview.

Uruguay's market potential should not be exsggerated according to UK and local trade officials. Uruguay, on account of its small size, will never be able to provide an adequate substitute for Argentina even if it does make up for a part of the loss. Uruguay's population is 3m while Argentina's is 28m.

As it is, the country's economy is in recession although predictions of an upturn in the second half of this yeer have prompted optimism that the UK could soon re-establish itself as an important supplier of machinery and transport equipment.

But there is no avoiding the fact that Uruguay's economy remains highly dependent on Argentina. Montevideo has to move carefully in its relations with the UK for fear of provoking an economically damaging Argentine reaction. Uruguay's tourism industry is particularly vulnerable given that Argentine governments have been known in the past to han their subjects from crossing the horder when relations have got tense between neighbours.

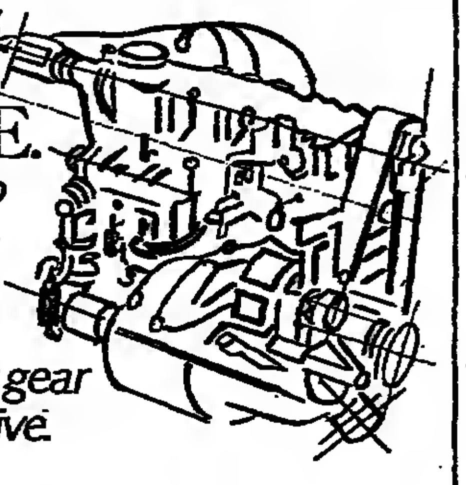
Political considerations lay behind Uruguay's decision not to exploit the UK-Argentine mutual trade embargo during the Falklands war. This is a different story to what occurred in Brazil and Paraguay where local businessmen boosted their books by helping both Argentina and Britain breach the sanctions.

A leading Uruguayan Government official recalled being approached by some private Argentine cereal exporters who wanted him to issue a certificate of origin for products on their way to Britain. "We took 20 days to say no. By that time Brazil had already taken up the offer."

It seems Uruguay will continue to be torn between trade opportunities and political expediency as long as the hitter aftermath of the Falklands war persists on the other side of the River Plate.

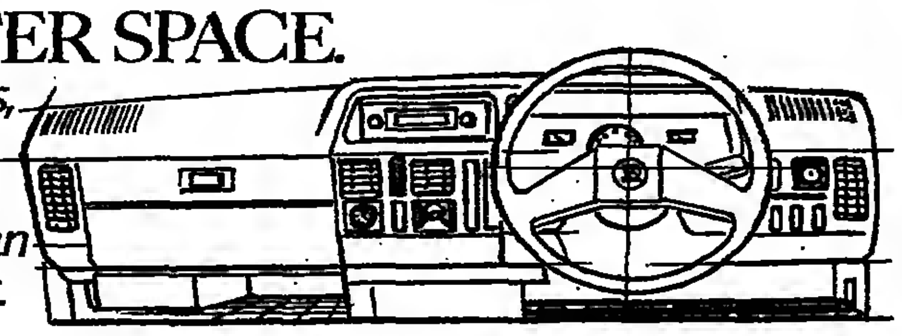
Meet the Nova. Vauxhall's new little car. A car designed to do a lot, a little better.

Its imaginative design has achieved a greater sense of space in a quieter interior. And a new generation of engines offer more power, more punch and more economy.



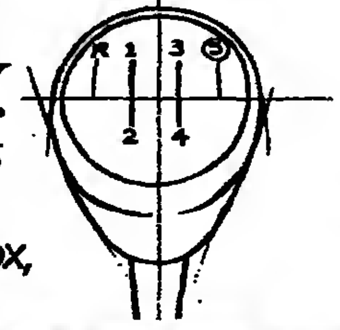
BETTER TO DRIVE.

Even in third gear, the Nova will zip from 15mph to 65mph and back again without the slightest hesitation from the engine. An achievement made possible by the design concept of Low End Torque (LET). With fewer gear changes, the Nova's easier and punchier to drive.



BETTER SPACE.

Within modest inches, the Nova is deceptively large. Its wide doors open wider than its major competitors. Likewise, it offers the driver better headroom, better legroom and better hiproom.

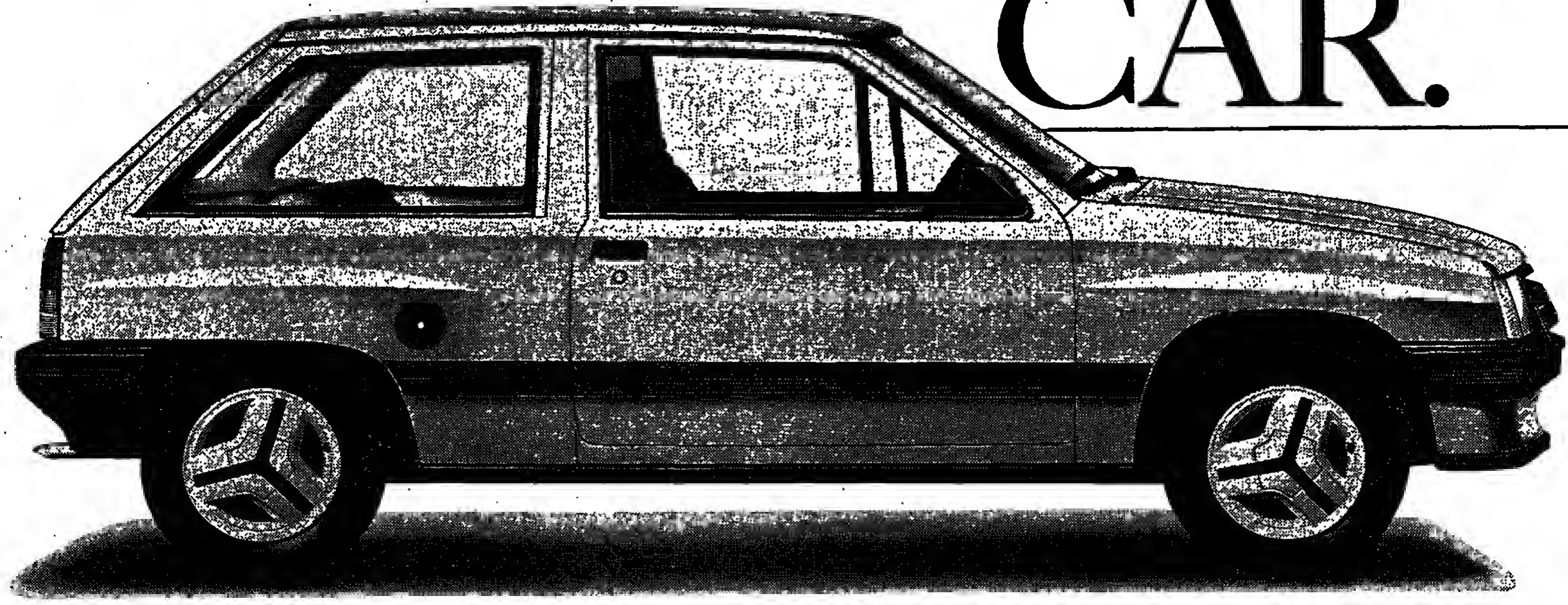


BETTER ECONOMY.

With the aid of better aerodynamics, the Nova's 1.0 and 1.2 litre LET engines deliver 57.6mpg at 56mph. And 60.1mpg with the 5-speed gearbox, available as an extra cost option.

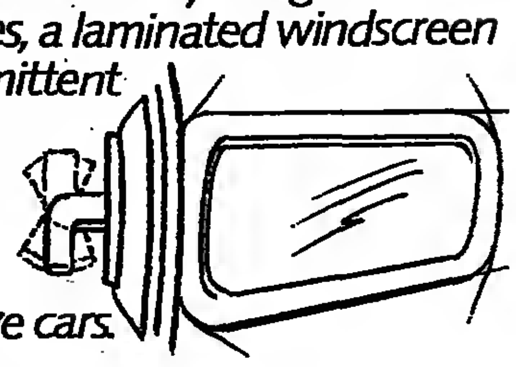
THE NEW VAUXHALL NOVA.

THE LITTLE BETTER CAR.



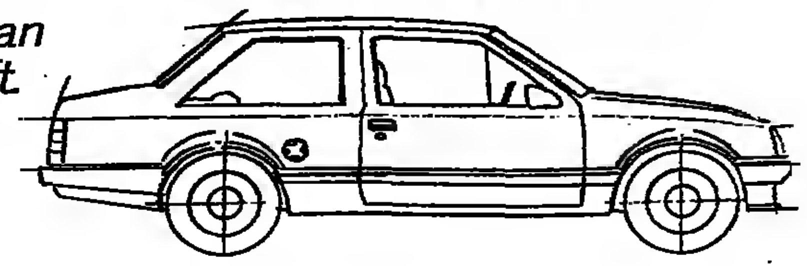
BETTER EQUIPMENT.

In striking contrast to other small cars, the Nova features a fully integrated dashboard. Every model has power brakes, a laminated windscreen and halogen headlamps. There's an intermittent rear wash wipe on hatchbacks. And on L models, there's a push button radio and a drivers door mirror that adjusts from inside the car. All touches of luxury traditionally found only on more expensive cars.



BETTER CHOICE.

The Nova is not one car but two. The saloon offers an enormous boot of 15.2 cu.ft. which is even bigger than you'll find on a lot of much larger family saloons.



FROM £3,496.

Until now a modest price meant a basic car. Nova marks the turning point. We offer all of its refinement in 4 models, from just £3,496 to £4,273. The Nova is waiting for you to test drive at your friendly Vauxhall-Opel dealer.

NOVA

BETTER. BY DESIGN.

VAUXHALL GM OPEL

BACKED BY THE WORLDWIDE RESOURCES OF GENERAL MOTORS

ILLUSTRATED: NOVA L HATCHBACK £4273. DASHBOARD FROM NOVA L. ALLOY WHEELS SHOWN ARE AN EXTRA COST OPTION. ALL PRICES, CORRECT AT TIME OF GOING TO PRESS, INCLUDE CAR TAX AND VAT. DELIVERY AND NUMBER PLATES EXTRA. DOT FUEL CONSUMPTION FIGURES MPG (L/100KM). NOVA 1.0: CONSTANT 56 MPH: 57.6(4.9); CONSTANT 75 MPH 42.8(6.6); URBAN CYCLE: 37.7(7.5). NOVA 1.2: CONSTANT 56 MPH: 57.6(4.9); CONSTANT 75 MPH: 43.6(6.5); URBAN CYCLE: 34.0(8.3). NOVA 1.0 5 SPEED: CONSTANT 56 MPH: 60.1(4.7); CONSTANT 75 MPH: 44.0(6.4); URBAN CYCLE: 37.1(7.6). NOVA 1.2 5 SPEED: CONSTANT 56 MPH: 60.1(4.7); CONSTANT 75 MPH: 44.8(6.3); URBAN CYCLE: 33.2(8.5).

UK NEWS

April borrowing requirement jumps to £1.2bn

BY JEREMY STONE

THE CENTRAL Government borrowing requirement (CGBR) for April has turned out considerably higher than most estimates, at £1.2bn. In April 1982 the corresponding figure was £872m.

The CGBR figures had been awaited with some anxiety since last month's total for public sector borrowing showed that spending departments had gone on an end-of-year spree, giving rise to fears that spending in 1983-84 might be starting off at higher levels, which would be inconsistent with the budget spending projections.

This concern was intensified by Tuesday's money supply figures, which showed sterling M3 – the broad measure of money – to be growing at an annualised rate of 20 per cent.

However, the CGBR figures were regarded by analysts as something less than frightening.

The 9 per cent growth in actual department spending is thought to be in part accounted for by the time taken to process end of year spending decisions taken in March, while the £568m rise in departmental balance has been taken to suggest either that spending may have started to abate or that revenue is starting to rise.

It was pointed out in the City of London yesterday that the figures were "indicative of what governments do before elections, namely spend."

This is held to be a cautious reaction by civil servants in spending departments, trying to push through a backlog of minor projects before the end of term.

Nevertheless, the largest discrepancy between market estimates of about £1bn, and the outturn, may well be due to the continued high level of local authority borrowing from the National Loans Fund.

The councils borrowed £400m last month, compared with £33m in April last year when their borrowings were being funded to a greater extent on the open market.

REAPPRAISAL WIPES £2BN FROM NORTH SEA FIELD

Texaco halves Tartan estimates

BY RAY DAFTER, ENERGY EDITOR

TEXACO, the major U.S. oil group, has halved its estimate of commercial reserves in and around the North Sea Tartan field, wiping almost £2bn from the value of oil expected to be recovered.

Latest estimates given to the Energy Department suggest that just 60m barrels will be recovered from the Tartan field and a further 40m to 50m barrels will eventually be taken from around the nearby Sail prospect. The company had originally expected more than 200m barrels to be extracted from the area, 125 miles north-east of Aberdeen.

Estimates have been gradually scaled down as Texaco has gained production information from the Tartan development. The company has also been evaluating new seismic data of the area.

Texaco has already invested an estimated £400m on production facilities in the Tartan field where output is now running at about 20,000 barrels a day. The company said that while the rate of return would be less than expected, it would be "adequate" given the employment of the most advanced production techniques.

Industry reports that Texaco is also anxious to start development of the Sail reservoir using a production system linked to Tartan. It is possible that Sail could be on stream in 1985.

● Britoil, the former exploration and production arm of British National Oil Corporation, intends to join the offshore industry in the Norwegian sector of the North Sea.

Sir Archie Lamb, executive director of Britoil, told the Norwegian Chamber of Commerce in London yesterday that the newly-privatised company was bidding for Norwegian exploration licences under the eighth round of concessions this summer.

Bank cool on debt 'lifeboat' idea

BY ALAN FRIEDMAN, BANKING CORRESPONDENT

THE BANK of England yesterday appeared to reject the idea of an international debt "lifeboat" which has been mooted recently by a number of senior bankers.

Mr Kit McMahon, deputy governor of the bank, said at the annual luncheon of foreign bankers that be was "unattracted by the idea of a fully 'hands on' policy whereby the authorities would move into the centre of the network of international bank lending and build a new structure of debt." He called instead for the "evolution" of solutions to major debt problems.

In an address at a Financial Times-sponsored lunch at the Mansion House, Mr McMahon also made the following points:

● Collaborative efforts between central and commercial banks have been justified in order to avoid problems in the interbank market.

● Banks should continue to maintain their interbank lines to debtor country banks as "a crucial part of the burden sharing which has contributed to the stabilisation of the situation in the last six months."

● Economic adjustment in debtor countries will take time, and even countries following firm International Monetary Fund programmes will require some further financing.

● If countries begin adopting protectionist measures to restrict trade, financial burdens for a number of debtors "may become insupportable."

Mr McMahon said the size of international debt difficulties which emerged in the past year created "a potentially dangerous situation" last year. He said there was a risk of a crisis of confidence in the international banking system.

While the situation had clearly stabilised in recent months "there is no doubt that we are in difficult waters and are bound to remain so for some time to come. Sound economic recovery is not yet firmly assured, though the signs are better than they were even three months ago."

Mr McMahon praised the efforts of banks to rebuild their capital bases at a time when the quality of many banks' assets had fallen as a result of the deterioration in economic conditions. It was not the case that the interest margins now being earned by banks on rescheduled loans was excessive.

Bermuda treaty is new threat to BA in anti-trust case

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

FIVE words in the Anglo-U.S. Bermuda Two civil aviation treaty may frustrate the UK's efforts to stop the Americans going ahead with a grand jury investigation into alleged violations of U.S. anti-trust law by British Airways (BA) and British Caledonian.

More talks between the two governments to resolve the problems raised by the grand jury hearing and the $1.7bn damages claim for alleged conspiracy and anti-trust law violation, brought in the U.S. court by Laker Airways' liquidator, are expected to take place later this month.

The UK has intimated that if, as is thought highly probable, the talks break down, it will consider invoking the arbitration procedure provided for by Bermuda Two.

The UK contends that the fixing of air fares, which is at the heart of the Laker litigation on both sides of the Atlantic, is governed by Bermuda Two, and that the U.S. is in breach of the treaty in invoking its anti-trust Sherman Act against BA and British Caledonian.

The U.S. asserts that Bermuda Two does not enter the case, which is purely a matter for U.S. domestic law.

Even if the U.S. agreed to arbitration, which is by no means certain, it might avail the UK nothing. Article 17(7) of the treaty, dealing with settlement of disputes, states: "Each contracting party shall, *consistent with its national law*, give full effect to any decision or award of the arbitral tribunal..."

The U.S. might decide it would not be "consistent with its national law" – thet is, the Sherman Act – to give effect to any ruling in the UK's favour.

Some indication of American feeling about the Sherman Act may be gleaned from Judge Harold Greene's recent decision in the U.S. district court in Washington, when he refused to transfer the liquidator's case to England.

He said it did not involve an obscure, technical law, in the enforcement of which the American courts could be said to have no significant interest.

He explained: "What is in jeopardy is the enforcement of the Sherman Act with respect to a market – travel between the United States and Europe – in which this nation has the highest interest.

"The Sherman Act, as has often been observed, is our charter of economic liberty, comparable to the importance of the Bill of Rights with respect to personal freedom, and there is thus the highest kind of public interest in preventing the Act from being emasculated in this important area."

He added: "The anti-trust laws of the United States embody a specific congressional purpose to encourage the bringing of private claims in the American courts in order that the national policy against monopoly may be vindicated."

Given that the U.S. Government is unlikely to take a less strong view of the Sherman Act, the UK could come away from any arbitration effectively empty-handed.

Rival Linfood bid for Key supermarkets

BY RAY MAUGHAN

LINFOOD has made a £37.8m offer for Key Markets, the supermarket chain operated by Fitch Lovell, the food retailing and manufacturing group. It comes on the eve of the Monopolies Commission report on Linfood's £75m bid for Fitch.

The new offer is designed to counter a £34.8m offer for the Supermarkets already agreed between Fitch and Safeway Food Stores. Safeway and Fitch reached this agreement last month subject to approval from the Office of Fair Trading and of Fitch shareholders.

Linfood, in a letter to Fitch shareholders last night, is attempting to persuade them to vote against the Safeway deal at a meeting on May 20, and accept the higher offer.

The bidder has told its own shareholders, whose approval is also required to buy Key Markets, that its profits in the year ended last month grew by almost 40 per cent to £16.5m.

The Monopolies Commission report is widely expected to recommend that the £75m bid, launched last October, should be allowed to proceed. It is understood that the five members of the investigating team have reached a unanimous verdict.

Linfood, however, has given a clear warning to Fitch shareholders that if it does win the approval of the Commission, it will not renew the full offer "even if permitted to do so following the reference."

Safeway is now considering its own position in the light of Linfood's move and is expected to argue strongly that Fitch has undertaken a binding agreement. The stakes are high since Key Markets represents one of the few remaining opportunities to buy an established chain of supermarkets in the increasingly concentrated food retailing industry.

BL objectives set out

DETAILS of the strategic objectives agreed between the board of BL, the state-owned motor group, and Mr Patrick Jenkin, Industry Secretary, surfaced officially for the first time yesterday. Mr Norman Lamont, Industry Minister, spelled out the agreed strategic objectives in the House of Commons.

These were to return all the constituent businesses, either together or separately, to the private sector as soon as practical.

Peripheral activities would be disposed of in order to concentrate on vehicle manufacture and sales, and a rate of return on operations would be sought that would attract external funds on normal commercial terms without Government support.

Changes in working practices, however, resulted in 34 days of strikes in 1982, contributing to the group trading loss of £173.6m against a £37.2m loss in 1981.

Bedford chief

THE BEDFORD commercial vehicles division of General Motors has appointed a new general manager. He is Mr J. T. Battenberg III, who joins Bedford from Antwerp where he was general manager of General Motors Continental.

Insurance ruling

IRISH NATIONAL Insurance Company yesterday won a $540,535 High Court claim in London against Oman Insurance Company, arising out of an explosion and fire at an Aramco plant in Saudi Arabia in 1978.

Oman, which had reinsured part of Irish National's risk, had refused to pay its share, arguing that the business had been misdescribed and was excluded under the terms of the reinsurance agreement.

BR cuts 9,000 staff

BRITISH RAIL cut railway staff by nearly 9,000 last year, and a further 1,500 have gone so far this year. Another 5,500 staff in non-rail businesses – hotels, property, engineering – also left the payroll last year, leaving a total of 212,722 employees.

Progress in cutting railway working expenses by £80m last year through better use of assets, staff reductions and more flexible working practices are a major theme of the report by chairman Sir Peter Parker in the annual report and accounts published yesterday.

Doulton expands

ROYAL DOULTON, which in recent years disposed of eight of its potteries and cut its workforce by 3,000, is planning a multi-million pound investment programme in response to improving world markets.

Trading inquiry

THE OFFICE of Fair Trading is to carry out two reviews concerning advance payments made by consumers, for goods or services which are lost when businesses become insolvent.

The first review will investigate the problem of protecting customers' prepayments. The second will examine the effectiveness of existing schemes which offer protection to consumers who send advance payments in response to advertisements in newspapers or periodicals.

March on London

THE PEOPLE's March for Jobs 1983, which set out from Glasgow for London on April 23, passed its half-way mark yesterday. It will culminate with a mass rally in London four days before polling in the general election. Labour activists see it as an unrivalled opportunity to demonstrate on the problems of unemployment.

Textiles upturn

THE BRITISH woollen industry is coming out of the recession, Mr Alan Clough, president of the Confederation of British Wool Textiles, said in London yesterday.

Output was between 5 and 10 per cent higher than a year ago and the industry expected to be recruiting workers by the autumn.

Societies to merge

CHELSEA and Birmingham & Bridgwater building societies are planning to merge to form a new society with assets of £730m.

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UK NEWS

BRITISH ELECTION CAUSES FINANCE BILL TO BE REDRAWN

Capital taxes affected most by June decision

BY ROBIN PAULEY

A POLITICAL hullabaloo which has arisen over the truncating of the Finance Bill, which has to be approved before Parliament is dissolved tomorrow, has centred on income tax, where Labour has blocked the Conservatives' plans to raise the higher rate thresholds, and on mortgage relief.

The Tories wanted to raise the amount borrowed for house purchase which would be allowable for tax relief from £25,000 to £30,000, which Labour also blocked.

It became apparent yesterday, however, that these effects would not be immediate, if at all. But there would be a much more significant impact on capital gains and capital transfer taxes.

The Inland Revenue has made clear that all pay taxed under the Pay As You Earn system (PAYE) will have deductions based on thresholds and rates contained in the 1983 Budget, even though the relevant clauses have been ditched from the enabling Finance Bill. Mortgage relief for the new higher level of interest up to £30,000 will also be included.

The new holding Finance Act made legal the Inland Revenue's pragmatic approach, as all the new codes and tax tables have gone to employers. If Labour wins the election it can have a new Budget and new Finance Bill; if the Tories win they can restore the measures lost in the shortening of the Bill.

Capital Transfer Tax (CTT) is more complicated. The crucial clause 63 has been deleted from the Bill. This would have enabled the rate of tax to be cut in 1983 and this cannot now happen. However, this is not as great a problem as it might have been, because last year's Finance Act introduced the automatic uprating of CTT bands and thresholds on the basis of the movement in the retail prices index.

So the bands and thresholds will rise in 1983. But the Budget plan to give more relief by "over-indexation" is lost – although the pledge by Mr Leon Brittan, Chief Secretary, to restore everything indicates that this would be made up or paid back later if the Tories win.

Another important change was that the changes were to have applied for all transfers after March 15 1983 (Budget Day). But the new rates will apply only for transfers on or after April 6 1983 (the first day of the financial year).

As a result, the CTT liability on a transfer at death of an estate worth £100,000 will be £13,600 instead of £13,000 (see table). On a £1m estate the liability is now £549,650, instead of £547,250.

On lifetime transfers the liability on a £100,000 estate will be £6,800 instead of £6,500, and on £1m it will be £320,800 instead of £318,875.

The only clause to survive on Capital Gains Tax (CGT) is the one which will allow companies to treat shares or assets of the same kind as a single or "pooled" asset after holding it for 12 months, rather than having to treat and identify each share as an individual separate item. All other CGT clauses have been dropped.

Changes in Bill detailed

CAPITAL TRANSFER TAX

Size of estate	1982 rate indexed to RPI*	If original Finance Bill had passed
DEATH RATES		
£	£	£
100,000	13,600	13,000
150,000	33,900	33,000
250,000	84,650	83,250
500,000	233,950	232,250
1,000,000	549,650	547,250
2,500,000	1,583,750	1,581,000
5,000,000	3,451,950	3,448,500
LIFETIME RATES		
100,000	6,800	6,500
150,000	16,950	16,500
250,000	43,300	42,375
500,000	130,100	128,875
1,000,000	320,800	318,875
2,500,000	979,900	977,625
5,000,000	2,223,100	2,220,125

* Retail prices index

CLAUSES DROPPED

TECHNICAL clauses concerning refund of value added tax to government departments and conditinns on discretionary registration.

Changes to restrictions on relief for loans fnr purchase of land for self-employed people living in job-related accommodation.

Changes to conditions for share option schemes for employees, which would have raised the monthly contributions limit from £50 to £75.

The minimum amount on which an individual can be assessed for income tax by virtue of apportionment in close companies to be raised from £200 to £1,000.

Technical clauses covering rules on incidental costs of obtaining company loan finance, definition of Trustee Savings Banks, calculating tax relief on disposals before and after a company joins a group nr consortium, stock relief where houses are taken in part exchange, carry back of surplus Advanced Corporation Tax, and changes to the arrangements for recovering taxes in the lower courts.

All clauses relating to controlled foreign companies and the proposed clampdown on tax havens.

Capital allowances for dwelling houses let on assured tenancies.

The raising of the exemption limit for Capital Gains Tax (CGT) on gifts of assets and land disposals.

Other CGT changes concerning foreign currency accounts, people becoming absolutely entitled to settled property, foreign trustees and non-resident settlements.

All clauses relating to Capital Transfer Tax.

All clauses relating to oil taxation which concern assets – relief for expenditure and charge of receipts.

All clauses relating to changes in liability to Development Land Tax.

Provisions relating to special and general tax commissioners.

CLAUSES AMENDED

Income Tax: The basic rate of 30 per cent to stay, but all provisions relating to changes in thresholds and higher rate band indexation to be amended to remain at 1982-83 levels.

Small companies' rate of Corporation Tax to be 38 per cent (instead of 40), but sub-sections raising limit at which the rate applies to be deleted.

Relief on interest on mortgages to be pegged at previous level of £25,000 and not raised to £30,000.

Technical amendment relating to short title and interpretation of the Finance Act 1983.

CLAUSES RETAINED

All increases on Customs and Excise duties.

Corporation Tax to be charged at 52 per cent. Rate nf Advanced Corporation Tax to be three-sevenths.

Increase in personal, married and age allowances. Rule changes on widow's bereavment allowances.

Changes on loan interest paid under deduction of tax. Clauses relating to life policies and perks such as cars, houses and scholarships.

Relief for investment in corporate trades. Tax rules affecting public lending right and copyright. Tax relief on employees seconded to charities.

Building societies: interest to be payable gross on certificates of deposit.

Capital allowances on industrial buildings and certain film expenditure and teletext receivers.

Election fnr polling of shareholdings for capital gains tax.

All the general oil taxation.

Reduction of the National Insurance surcharge. Miscellaneous clauses on National Savings supplements, rates of interest for government lending and suspension of certain payments into the National Loans Fund. in respect of new towns.

General clauses nn tax exemption for Historic Buildings and Monuments Commission and a technical arrangement for pre-consolidation amendments.

EEC budget rebate doubted

BY KEVIN BROWN

LABOUR yesterday challenged the Prime Minister's repeated promise to secure a budget rebate from the European Community at the EEC summit in Stuttgart on June 6, just three days before the election.

Mr Eric Heffer, Labour's chief Common Market spokesman, told the House of Commons that it was clear the Prime Minister would fail, and he repeated Labour's pledge to begin immediate negotiations for withdrawal.

Mr Francis Pym, the Foreign Secretary, who was answering questions on EEC affairs, was less bullish on the issue than Mrs Thatcher has been in recent months. Mr Pym said be was "absolutely confident" that the Government would secure an agreement acceptable to the Commons.

However, he told MPs: "It remains to be seen that we will get an agreement on June 6, but that is what we want to see and it is what our partners want to see, and we hope that it will happen."

Mr Pym clashed repeatedly with Labour Shadow Ministers who attacked the Government's record on EEC financing, which Community foreign ministers will discuss at an informal meeting next week and at the Foreign Affairs Council on May 24.

He robustly defended the Government's record in obtaining rebates on Britain's contributions to the budget, and attacked the failure of the last Labour government in rebate negotiations.

Mr Heffer said the Government had been supported by Labour in all its attempts to recover money from the EEC, despite the lack of Conservative support for the same nbjective when Labour was in government.

Mr Pym said it was unclear how Labour would carry out its election pledge to leave the Community. "They would not find it very easy, nor do we know how they would cope with the consequential loss of jobs and all the other problems we would have as a result," he said to Labour jeers.

Labour fund revised down to £2.25m

By Margaret van Hattem

LABOUR's £2.5m election fund target has been revised down to £2.25m after a reassessment by trade union leaders of their ability to raise funds.

Mr David Basnett, head of the Trade Unions for Labour Victory (TULV) group of union leaders, emerged from a meeting yesterday saying: "we can provide £2.25m."

The declaration, underlined by a promise from Nupe, the public emplnyees union, to boost their contribution from £100,000 to £220,000, put the seal on a provisional pledge by TULV leaders last weekend.

Labour's Shadow Cabinet and National Executive Committee approved yesterday in barely an hour the party's longest yet manifesto. Publication will be at the start of next week.

Unions put damper on economic prospects

BY IVO DAWNAY AND JOHN LLOYD

The Trades Union Congress (TUC) has poured cold water on prospects for a major recovery in the economy, claiming that any upturn is "still weak, extremely patchy and as yet shows few signs of being sustained."

The TUC's economic committee, in its last meeting before the election, endorsed an analysis of the main economic factors which places a harshly pessimistic interpretatioo on trends interpreted by the Government as pointing to sustained growth.

The TUC document argues that nearly 60 per cent of companies responding to the Confederation of British Industry's quarterly trends survey, published last month, reported no change in confidence. It added that nearly 90 per cent of companies in the survey expected lack of demand to constrain output within the next four months.

- Moves to affiliate constitutionally non-political unions to the Labour Party were strengthened yesterday when the annual conference of the largest Civil Service union voted at Brighton to ballot their members on the issues.

However, it is widely believed that members of the 209,000 – strong Civil and Public Services Association will reject affiliation in the poll.

- The Merchant Navy and Airline Officers' Association yesterday decided to make the decline of Britain's merchant fleet a general election issue.

Members of the association are being asked to question parliamentary candidates on their parties' shipping policy, and to cast votes in the election accordingly

Labour needs 5% swing to win

By Peter Riddell, Political Editor

THE LABOUR Party would have to obtain the largest swing of votes in any general election since 1945 to win an overall majority on June 9.

A study of the new parliamentary constituencies prepared jointly by the BBC and Independent Television News, with a panel nf academics, underlines the scale of Labour's task over the next month.

Since the last election the Boundary Commission has revised the shape of over 90 per cent of the constituencies. The number of parliamentary seats is being increased from 635 to 650.

Professor Ivor Crewe of the University of Essex notes in the study that, as a result of the new boundaries the Conservatives would have gained an extra 21 seats at the 1979 general election, at the partial expense of the Labour Party, which would have lost nine seats, and the Liberal Party, which would have lost two seats.

Had the 1979 election been fought on the new boundaries, the Conservatives' overall majority would have been 71 instead of 44, and its majority over Labour would have been 101 instead of 71.

These calculations take no account of by-election changes since the last election or of the establishment since then of the Social Democratic Party, 26 of whose members won election in 1979 for Labour.

Professor Crewe highlights the decline in the number of marginal seats. The number of Conservative and Labour seats with majorities of under 10 per cent has fallen from 135 to 126 and the number with highly marginal majorities of under 5 per cent has dropped from 77 to 60.

The result is that for any swing of nnrmal general election proportions, the turnover of seats will be smaller on the new than the old boundaries.

Professor Crewe argues that the boundary revisions have doubly penalised Labour by taking seats away from it and giving extra ones to the Tories, and also by reducing the reward in seats to Labour for a given increase in its share of the vote.

Consequently, if at the next election the Conservatives and Labour obtained equal shares of the national vote, as a result of the uniform 3.5 per cent swing to Labour, the result would be Tories 316, Labour 300, Liberals 10 and others 23.

The study points out that to obtain a bare overall majority Labour would need a net gain of 66 seats, requiring a 5.4 per cent swing from the Conservatives.

The former is not unprecedented: the Conservatives achieved a net gain of 88 seats in 1950, 77 in 1970 and 62 in 1979. But a swing of 5.5 per cent is higher than that obtained by any party since 1945.

Farewell to the old guard

By John Hunt

MOST OF the surviving Labour veterans of the 1945 Attlee Government and many Tories from the Macmillan era will be in the group of more than 50 MPs who will be retiring when the present Parliament comes to an end tomorrow.

At the moment the number who have announced that they will be leaving is less than the 61 who departed from the House of Commons on the eve of the 1979 general election. But the eventual total will probably be greater as some Labour MPs are still in re-selection difficulties in their constituencies and about six Tory MPs are likely to be left without a constituency as a result of boundary changes.

The change in composition of the parties at Westminster will be accelerated by the retirements, and there will be a diminishing number who had connections with the Heath and Wilson administrations.

Those traditional Tory stalwarts, the knights of the shires – and suburbs – may be becoming an endangered species. At least 26 Tories have announced they are going, and this includes 17 with knighthoods.

However, 12 of them received the accolade under Mrs Thatcher's Government, so there is always the chance that their numbers will be replenished again if the Tories are returned to power. A political milestone will be passed with the departure of Mr Jo Grimond, the elder statesman of the Liberal Party, who has been MP for Orkney and Shetland since 1950.

Of the 26 Labour MPs retiring there are at least six who served in the Cabinet or as junior ministers. The best known figure among them is Sir Harold Wilson, aged 67, elected in 1945 and already a fresh-faced boyish President of the Board of Trade in the Attlee government by 1947. He has represented the Liverpool seat of Huyton since 1945.

The longest-serving member among the departures is Jnhn Parker, 76, the father of the House who was elected as Labour MP for Romford in 1935 and has represented Dagenham since 1945.

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JOBS COLUMN

Career development, or look back in wonder

BY MICHAEL DIXON

THE THING which has probably brought me the most entertainment over the years is the question: "How did you get into your line of work in the first place?"

I have asked it of some hundreds of people and rarely been disappointed by the response. Indeed, probably the most unusual case was the chief accountant who ever since he could remember had wanted to be a chief accountant. He is the only person I've met whose career had gone entirely as planned.

Several others also proved to be still in the kind of work they had chosen in their youth. But even they had all had some skirmish with fate. "The crux was when, as a young lieutenant during the war, I was reprimanded by a court martial for negligence," said a senior military officer, for example. "Soon afterwards I suddenly began getting promoted pretty rapidly.

"I think the reason why I kept being preferred to my brother officers was that the case made my name seem *familiar* to the high and mighty, but the penalty wasn't stiff enough for them to remember what I was familiar *for*. They just assumed I had done something good. After all, they had a lot on their minds in those days and had to make decisions fast."

But only a minority of the hundreds who have answered the questions appear to have planned their eventual career at all. At least four in every five had taken up their first mainstream job by accident, fairly often a bizarre one. The prize is at present held by one Tony Felix (naturally, if any readers think they have better claims I'll gladly consider them).

As he approached his degree examinations in economics at Warwick University some 16 years ago he had whittled down the choice to either becoming a barrister or joining an advertising agency. But as a relatively outside chance, and simply because he generally admired the company, he had put his name forward for interview as a prospective management trainee with Marks and Spencer.

While studying at Warwick he also ran the university's pop-music group and had managed to get it several profitable engagements off the campus. Unfortunately, the fans sometimes got a bit over-enthusiastic and ended up thumping not only one another but members of the group as well. Mr Felix therefore signed up from outside the university a couple of bouncers, respectively called Len and Gordon.

One day as the student-interviewing season was drawing near and the group had a potentially hazardous gig to play in the evening, Len called to say he couldn't be there. He had to go and comfort his sister who had just been told by her boss, a hosiery manufacturer, that she had lost her job because the firm was bankrupt.

"When you're that age of course you feel you can do anything, especially if you're reading economics," Tony Felix says. "So I persuaded Len to turn up by promising to go then and there to see his sister's boss and help to sort out the problem. Surprisingly the boss agreed to see me.

"When I arrived he explained that he was having to close because his biggest customer had let him down on an order and stranded him with thousands of gross of women's tights.

"As it happened we had family connections with the chief of a large wholesale business. So I nipped out and rang him. The upshot was that he agreed to buy the tights from me at a price that allowed me a modest margin over the emergency price wanted by the manufacturer so as to enable him to stay in business. The evening's gig went off very successfully too.

"A few days later I went to the interview with the Marks and Spencer recruitment manager. And when towards the end he asked me how I thought I could contribute to the company's business, I had a happy idea. I asked him how much they paid for women's tights.

"He was a bit taken aback, partly because he didn't know. But I persuaded him to 'phone and find out. When he told me, the price was a good deal higher than I'd paid. So I fished out the invoice from the manufacturer, put it in front of him and said: 'Well, *I* can buy them for *that*'."

Which is how Mr Felix began his career in management with Marks and Spencer. How he has since become vice-chairman of New Opportunity Press, where he specialises in advanced information technology, is another story entirely. But that will have to wait for another day.

Hands-on

THE EXPLORATORY—a project now awaiting a go-getting manager to realise it in Bristol—is not altogether a new idea. It can be traced back to work by Francis Bacon which was published a year after he died in 1626 and describing an imaginary country called New Atlantis.

One of its finest institutions was the fabulous House of Salomon which was filled with all manner of engines and instruments to enable the country's citizens to discover science and technology by making experiments for themselves. "It was a place to stimulate and amuse; a place to find out about the natural and man-made world, the universe as seen by the eyes and understood by science, and to discover oneself," says Professor Richard Gregory, chairman of the project's trustees.

Encouraged by the success of the modern equivalent now running in San Francisco, they are well on their way to founding a British one in Bristol. The key need is for a project director willing and able not only to set up the comprehensive "hands-on" public exhibition virtually from scratch, but also to carry through its fund-raising programme.

The task clearly calls for a rare combination of entrepreneurial flair, persuasive personality, highly developed organising ability, and knowledge of science and technology if not of education to boot. That would seem a lot to ask for a salary of only about £15,000 with relatively few perks. But few job offers could be more challenging and potentially worth while.

I hope that the trustees will prove justified in the faith that this column's readers include someone who is up to the job. (They even think there might be one of you who could do it successfully part-time.) Written inquiries only, please, to Professor Gregory, c/o Lawrence & Co., Shannon Court, Corn Street, Bristol BS99 7JZ.

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A major international bank wishes to appoint an assistant to its Export Finance Manager.

The successful applicant is likely to be aged between 27-34 and to have had several years experience of negotiating ECGD buyer and supplier credits in a merchant or international bank in London.

The position embraces all aspects of export finance and will entail contact with exporters and banks at management level. Considerable emphasis will be placed on marketing; self-motivation and a willingness and ability to generate new business will therefore be of prime importance.

The remuneration and benefits will be those normally associated with a large organisation of first class repute.

Interested applicants should write, giving full details of personal background and professional experience, to: D. HARDEN, Streets Advertising, Hulton House, 161-166 Fleet Street, London EC4A 2DN *indicating the names of any companies to which applications should not be forwarded.*

Streets Advertising Limited
Recruitment Division Confidential Reply Service

Chief Executive
Industrial Safety Equipment
c £25,000

The autonomous subsidiary of a diverse and successful British public group manufactures and markets a well known range of industrial safety equipment. Due to the reassignment of the current incumbent to the centre and in order to place increased emphasis on business development and profit maximisation a new Chief Executive is to be appointed who will drive the company forward from its current level of £12 million turnover.

Aged ideally in their 40's, candidates should have a first-rate track record including profit responsibility at General Management/MD level. They should also have been exposed to manufacture and sale of a wide range of consumable products where design and price considerations play a significant part in determining success. Furthermore, they should be accustomed to handling top level negotiations and sales contracts to major industrial companies as well as to public utilities and local authorities.

An excellent salary and benefits package is negotiable. Relocation expenses are payable where appropriate.

Write or telephone for an application form or send a brief c.v. to the address below, quoting ref: GM59/8241/FT on both letter and envelope and advising us of any other applications you have made to PA Personnel Services within the last twelve months. No details are divulged to clients without prior permission. Initial interviews will be conducted by PA Consultants.

PA Personnel Services
Hyde Park House, 60A Knightsbridge, London SW1X 7LE Tel: 01-235 6060
PA
A member of PA International

Consultancy for the City
Age 26-30
to £20,000 + car

We are the UK arm of one of the largest international accounting and management consultancy practices.

As consultants, we provide services to a variety of financial institutions in the City. This might involve advising senior management on such matters as:

- marketing and business strategies
- new product development and pricing
- organisation studies
- development of effective management information systems
- introduction of new technology

We now need additional consultants to join our professional team. We can offer the variety of working on a wide range of assignments, often as a member of a multi-discipline team. We will also provide a continuing training programme to build on your existing skills.

You will have at least a good first degree and, ideally, be a member of a recognised professional body. Your career will be City-based and should have exposed you to a variety of functional areas. Your record will demonstrate particular expertise in at least one area, such as business development, management services or corporate finance. Developed communication skills, commercial perception and analytical ability are essential qualities.

If you believe that you can meet our requirements and are interested in working in a challenging environment, write to Ian Tomlisson (quoting Ref. CC/1/FT) giving concise career and personal details. If you prefer, telephone in confidence for an initial discussion.

Arthur Young McClelland Moores & Co., Management Consultants, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH. Telephone: 01-831 7130

Arthur Young McClelland Moores & Co.
A MEMBER OF AMSA IN EUROPE AND ARTHUR YOUNG INTERNATIONAL

Bank Recruitment Specialists

BOND SALES EXECUTIVE
A major international merchant bank — one of the leading names in the capital markets — has an opening for a top Eurobond Sales professional. Candidates are likely to be working currently at Director or Associate Director level, with current earnings of £30,000+. Interested parties are invited to contact Ken Anderson in confidence.

EUROBOND TRADER
For an ambitious Bond Trader with c. 2 years' current experience in an active trading room, an outstanding opportunity to assist in developing the market-making activities of a prominent European bank.

CHARTERED ACCOUNTANTS
A qualified Accountant aged late 20s, with approx. 3 years' post-qualifying experience in Corporate Finance or a related area, is sought by a prominent international merchant bank to assist in developing the bank's services in mergers, acquisitions, corporate reconstructions etc.
Additionally, current opportunities exist in Corporate Finance and Leasing for high-calibre recently-qualified Chartered Accountants. These appointments are open to graduates who have obtained first-time passes in professional examinations.

LENDING OFFICER (U.K.)
Well-reputed European bank seeks an ambitious lending banker (late 20s) to take responsibility for U.K. corporate business development, working within an established professional team. The ideal candidate would be a graduate, with some two to three years' experience in a business development rôle and a strong previous credit background.

LENDING OFFICER fluent in German
A major bank, expanding its U.K. presence, seeks an experienced lending banker to take responsibility for its U.K. corporate calling programme. Candidates should be aged about 30, graduates, with experience in both credit and business development areas and fluency in German.
Additionally, opportunities in European business development exist for two similarly qualified bankers: one appointment based in London, the other in Düsseldorf, W. Germany.

F/X DEALER fluent in French
Due to business expansion, a respected European bank wishes to recruit an additional Foreign Exchange Dealer. Fluency in French is required, coupled with a dealing background of one or two years in interbank or customer business.

Our current assignments also include...

LEASING EXECUTIVE	to £25,000
F.R.N. TRADER	to £30,000
BOND SYNDICATIONS	£30,000+
SPOT F/X DEALER	c.£20,000
SPOT YEN DEALER	negotiable
SNR. STERLING DEALER	to £16,000
COMMODITY/LIFFE TRADER	c.£14,000
FUND MANAGER (equities)	to £12,000
CREDIT ANALYST	c.£11,000
JNR. F/X & DEPO DEALER	c.£10,000

Please contact Ken Anderson or Leslie Squires. Telephone: 01-588 6644

Anderson, Squires, Bank Recruitment Specialists
Blomfield House, 85 London Wall, London EC2M 7AE
Anderson, Squires

Manchester Exchange Trust Limited

AREA MANAGER (FINANCIAL MARKETING) LONDON

c. £14,000 p.a. + car + profit-sharing

Due to internal promotion and business growth this innovative City-based corporate treasury practice with a turnover in excess of £1,200 million has an opening for a talented professional aged 28-40 to join its small but highly skilled marketing team.

Candidates must hold a relevant qualification or degree and be able to demonstrate a proven record of success at a senior level in industry or commerce. If you are a self-starter with the necessary flair, integrity and creative ability to succeed in this demanding but rewarding position, please send a comprehensive c/v, marked personal, to:

The Company Secretary
Manchester Exchange Trust Ltd,
3rd Floor, Pembroke House
40 City Road, London EC1Y 2AX

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Percy COUTTS & CO. LTD
01-839 2271
25 Whitehall, London SW1A 2BT.
Enquire also how these redeployment services can be included in your severance terms.

Regional Controller, Europe

Our client is an expanding European subsidiary of a major, billion dollar turnover US group who are world leaders in disseminating business information in the private sector, and supported by sophisticated computer technology methods. Planned future growth in extensive European operations will exceed the impressive performance which has taken place during recent years.

Reporting to the Director of European Finance, prime responsibility will be to develop financial management systems, controls, and planning in the operating companies. An important aspect of the work, therefore, is close liaison with operational management to ensure effective communication and reporting.

Candidates, aged 27-32, will be qualified accountants with a strong commercial approach, and ideally with experience of US accounting requirements and work in Europe.

The appointment is City based with a significant amount of European travel. Salary will be up to £19,000 plus car.

Please write in complete confidence with full career details to *Mike Hann, quoting reference 1355.*

Odgers MANAGEMENT CONSULTANTS *Odgers and Co Ltd, One Old Bond St, London W1X 3TD 01-499 8811*

Managing Director

London £35,000 plus

Pandrol International Ltd seeks a Managing Director to be fully accountable for its multi-national operations. Pandrol is the leading UK manufacturer of railway track fastening systems and equipment, with an expanding export business and 10 overseas subsidiaries. Its parent company, Charter Consolidated, provides funds for continuing expansion.

Candidates, probably 40-55, will have proven success in expanding the profitability of a substantial manufacturing operation with a significant export content. They will have risen to general management from marketing, production or finance. Powers of leadership, tact and administrative ability are essential.

For a full job description write in confidence to W.T. Agar at John Courtis & Partners, 104 Marylebone Lane, London W1M 5FU, showing clearly how you meet our client's requirements, quoting reference 2172/FT. Both men and women may apply.

JC&P John Courtis and Partners

FINANCIAL EXECUTIVES WHO CAN MANAGE

You've spent at least ten years improving financial control in a major commercial operation.

You know all about integrated computer accounting systems.

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We have three senior positions to fill in the following areas:

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Britoil

Find out how it all adds up. Contact the Senior Personnel Officer, Britoil plc, 150 St. Vincent Street, Glasgow G2 5LJ, quoting reference FE/KWM/FT.

INFORMATION TECHNOLOGY

Director of Social Security Operational Strategy -from £28,000 (under review)

In terms of both scale, and potential impact on Society, this is probably the most challenging post currently available in Information Technology. It will involve advising on, directing and managing the introduction of new technology in support of all social security operations, whilst maintaining uninterrupted current computer operations.

At present, around 24 million people are in receipt of one or more of the 30 benefits available: 1,200 million payments are made each year, with benefit expenditure totalling £27 billion. The objectives of the Strategy will be to make the fullest possible use of advanced computing and communications techniques in order to provide real improvements – for claimants, for DHSS staff, and for the tax payer. Implementation of the full strategy proposals will involve investment of around £1.6 billion over the next 20 years.

The person appointed will be expected to have an extensive record of proven management success, including the planning and implementation of major change within a large organisation involving the introduction of computers used in an on-line/real-time environment. Candidates must be skilled in the personnel area, industrial relations and the political aspects of managing change during a period of large scale technical innovation. A financial control background and knowledge of the public sector would also be desirable.

The salary for this post, which is under review, is £28,235 a year, inclusive of inner London Weighting. However, the Department would be prepared to consider, if necessary, a significantly higher salary for a candidate of exceptional qualifications and experience.

Relocation assistance may be available.

For further details and an application form (to be returned by 8 June 1983) write to the Civil Service Commission, Alencon Link, Basingstoke, Hants RG21 1JB, or telephone Basingstoke (0256) 68551 (answering service operates outside office hours). *Please quote ref: G/5914/2.*

Department of Health & Social Security

COMPANY SECRETARY

c£17,500 per annum + car

The appointment of our Company Secretary to the position of Group Company Secretary of Habitat/Mothercare PLC has created an exceptional and highly challenging career opportunity in Mothercare for a young man or woman to join us at a very exciting time of rapid expansion.

The successful candidate will have a sound commercial track record as well as professional qualifications as a solicitor, barrister or chartered secretary. He or she will be responsible for providing legal and corporate services, and will be particularly involved in the administration of Mothercare's self managed pension scheme with a substantial investment portfolio.

Applicants are likely to be in their mid-twenties to mid-thirties and must be able to communicate effectively at all levels. The appointment will be based at Mothercare's headquarters in Watford. Starting salary is in the region of £17,500 per annum and a Company car will be provided. Other benefits include *a contributory pension scheme and profit linked share plan.*

Please write with details of your experience and qualifications to Kevyn Jones, Managing Director, Mothercare Limited, Cherry Tree Road, Watford, Herts WD2 5SH quoting reference FT12/5.

mothercare

Yorkshire Building Society

Information Systems Manager

Strategic Systems Development and Implementation

The Society, one of the U.K's largest, is currently formulating its plans for the Development of Information Systems to meet its business needs for the future. This appointment affords an exciting career opportunity to join a progressive building society, and to be responsible for:

- the establishment and managing of a new department.
- the acquisition and implementation of large main frame computers supporting a distributed network of terminals and processors.
- the development and implementation of procedural, information and control systems across all areas of the Society's business.

The successful candidate, male or female, will probably be a graduate or professionally qualified with:

- the maturity and strength of personality to implement new technology, determine strategic policies and secure the implementation of new management practices at all levels.
- a proven track record in DP Management in a large installation, probably in a financial institution, with wide experience of computers, telecommunications and related technologies.

An attractive salary is negotiable in line with the demands of the job. A company car and the usual fringe benefits are available, together with generous assistance with relocation expenses where appropriate.

Write or telephone for an application form or send brief c.v. to the address below, quoting ref: MD59/8243/FT on both letter and envelope and advising us of any other applications you have made to PA Personnel Services within the last twelve months. No details are divulged to clients without prior permission. Initial interviews will be conducted by PA Consultants.

PA Personnel Services
Hyde Park House, 60A Knightsbridge, London SW1X 7LE
Tel: 01-235 6060

PA

A member of PA International

JAMES CAPEL & CO.

PRIVATE CLIENT DEPARTMENT

We are seeking an additional Account Executive to join our Private Client team.

The selected candidate will be given a considerable degee of autonomy after an intial settling-in period. High-quality investment research and computer back-up are provided.

Applicants must have passed, or be exempt from, The Stock Exchange examinations, have at least five years relevant experience and preferably have a degree or other professional qualification.

Remuneration will be commensurate with experience, initiative and ability.

Please write in confidence by **31st May** to:-

D. Schulten
JAMES CAPEL & CO.
Winchester House,
100 Old Broad Street,
London, EC2N 1BQ.

PERSONNEL CONSULTANCY

London. c.£20,000 + car

A major international firm of chartered accountants is seeking an experienced consultant to head up the personnel consulting section of its management consultancy department and to expand its activities in the human resources and personnel field. At present, the section is mainly concerned with executive selection.

The person appointed will initially be primarily concerned with operating and supervising the current activities but will be expected subsequently to initiate and lead in other areas of personnel and human resources work. Candidates should be in the age range 38 to 48 and have a degree or professional qualification. A period of line management will be an advantage and experience must include executive selection in a consultancy or agency of repute. The long-term prospects are excellent.

Applications will be treated in confidence and should include a comprehensive CV. Box No. A 8213, Financial Times, 10 Cannon St., London, EC4P 4BY

MARKETING EXECUTIVE

Age 27-35 years. Salary neg. £15-20,000

A major international leasing company seek to establish a medium ticket leasing presence here in the U.K. We seek applications from candidates with at least three years lease marketing experience gained within a leasing company, finance house, or, preferably, the leasing division of an international bank. Additional to marketing duties, applicants will be responsible for market identification, risk assessment documentation, evaluation etc. This represents an ideal "groundfloor" opportunity for the ambitious well motivated individual. We have a similar vacancy with *equity participation* but specialisation in consumer finance.

Please contact: Brian Gooch

TREASURY MANAGER

Age 24-32 Salary to £17,000

Our client, a well known name in investments, requires a Treasury Manager from a banking or corporate environment, with a track record in cash management and policy formation. Duties include the selection and control of banking services, foreign exchange management (no dealing) and involvement in investment policy decisions. This position would probably suit a graduate in their late 20's, and involve the supervision of junior staff.

Please contact: Diana Warner

CHIEF ACCOUNTANT

Age 33-45 Salary c£18,000

A well respected European Bank, has a new opening for a qualified accountant. The bank is updating its computerised system from an IBM 34 to IBM 38, with Midas Package. Applicants must have an international banking background with experience of implementing computerised systems.

Please contact: Brenda Shepherd

Jonathan Wren RECRUITMENT CONSULTANTS *170 Bishopsgate · London EC2M 4LX · 01 623 1266*

COMMONWEALTH TRADING BANK OF AUSTRALIA

SEEKS

SENIOR FX DEALER

An experienced dealer is required to assist in expanding CTB's trading in the FX markets.

This is a senior position, the successful applicant will need to trade actively in the London Market and have the enthusiasm to develop new contacts and the ability to supervise, motivate and train other dealing staff.

Preferred age 25-35; competitive salary commensurate with experience plus benefits.

Please send full career details, in confidence, to:—

B. H. Sullman, Staff Manager
Commonwealth Trading Bank of Australia
71/91 Aldwych
London WC2B 4ES

COMMONWEALTH TRADING BANK OF AUSTRALIA

BOND SALES

Make a positive impact with a UK leader in the International capital markets. Their current expansion programme means candidates with French, Sterling and Yen bond sales experience are particularly relevant. Excellent career scope for professionals with sound technical ability. Salary to £25,000 p.a.

MARKETING - LEASING

Complement a key area of growing UK bank within their *highly profitable leasing unit. The position will cover all* stages of deal negotiations with emphasis on increasing the managed client base. Candidates must be capable of contributing directly to the development of a dynamic, self-contained team. Of interest to applicants currently earning in excess of £15,000 p.a.

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Investment Management

A leading Life Office, based in the South, intends to appoint a deputy to the General Manager, Investments. Succession to the top job is envisaged within a few years. Funds under management approach £2 billion.

• PROVEN EXPERTISE in investment management in international markets is the prerequisite, almost certainly backed by an actuarial or accountancy qualification.

• REMUNERATION for discussion over £30,000. Age around 40.

Write in complete confidence to G.W. Elms as adviser to the company.

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10 HALLAM STREET · LONDON W1N 6DJ

Systems Management

£18,000 to £24,000 + car

An innovative results-oriented manager is wanted by a well-known City institution to take responsibility for a major new systems activity that is crucial to the future success of the business.

Age (28-35), formal qualifications (computer science, management) and salary track record are all of interest, but relevance will depend more on being:
- ★ A good consultant. Able to take initiatives in selling ideas to operating management, to colleagues.
- ★ Experienced in managing significant systems projects.
- ★ Familiar with recent technical developments in distributed processing, office systems, microcomputers.
- ★ Equipped with aptitude, maturity and drive to be able to manage situations successfully to a conclusion.
- ★ Experienced in financial services or insurance, consultancy or a software house.

Convince us in writing and send a CV, quoting reference F426, to John Courtis and Partners, 104-112 Marylebone Lane, London W1M 5FU, or telephone 01-486 6849 for an application form.

JC&P
John Courtis and Partners

SENIOR LEASING REPRESENTATIVE

LEASING FINANCE EXECUTIVE — **Salary c£14,000**
Age 30-35 years — **+ Car and benefits**

An established leasing company seeks applications from Senior Finance Representatives, ideally experienced in the arranging of finance, covering medical and dental equipment/or salespersons specialising in this sector, with extensive contacts. Candidates, must be well presented, articulate and motivated. The position offers an excellent blend of marketing, research and ultimately higher rewards.

Please telephone or send detailed Curriculum Vitae in confidence to BRIAN GOOCH

Jonathan Wren RECRUITMENT CONSULTANTS
170 Bishopsgate · London EC2M 4LX · 01 623 1266

BANKING PEOPLE

U.K. Lending to c£20,000

We are seeking top rate U.K. Lending specialists for two well-established and prestigious International Banks. Candidates are likely to be graduates who having undergone thorough U.S.-style credit training will have moved into a Marketing/Lending role. Specialist broad-based U.K. experience is required as is the ability to progress in an active ambitious team structure. Prospects are excellent.

F.X. Dealer c£16,000

An experienced fx trader, with a mature approach to dealing is sought by the London branch of a U.S. bank. Good all-round experience is required and this should preferably have been gained with a medium-sized but active name.

Young Dealer c£14,000 (neg)

An established and substantial European bank is seeking a young deposit dealer for its London branch. A specialist knowledge of sterling is required and experience in the futures market would be advantageous. Ability in a second European language is important and at least 3 years' experience with an active name will be sought.

Applications will be handled in strictest confidence by:—
DUDLEY EDMUNDS

4 LONDON WALL BUILDINGS, BLOMFIELD STREET, LONDON EC2M 5NT
01 588 0101

INSTITUTIONAL SALES — JAPANESE EQUITIES

A leading Merchant Bank wishes to appoint a City-based Institutional Salesman who has had considerable experience in selling Japanese equities to UK institutions. The ideal candidate will be between 27/35 years of age and have had similar experience in Stockbroking or other institutions.

A competitive salary will be paid together with the usual banking fringe benefits.

Please contact: Peter Latham.

Jonathan Wren BANK RECRUITMENT CONSULTANTS
170 Bishopsgate · London EC2M 4LX · 01 623 1266

Guardian Royal Exchange Assurance

Trust Executive
(Corporate Trusts)

A vacancy has arisen in the Trustee Department City Office of this major composite Insurance Company for a Trust Executive with knowledge and experience of corporate trust work, in particular Loan Capital Trusteeships.

The successful candidate for this interesting position will probably not be over 45 and will have a sound grasp of the legal and accounting technicalities of corporate trusts, as well as possessing the ability to discuss such concepts at a high level.

Considerable practical experience is essential as the candidate appointed must have the ability to develop in the position quickly in order to take advantage of an envisaged opportunity to assume managerial responsibilities and status in a short space of time.

A generous starting salary is offered which will be dependent upon experience and a London Allowance is payable, currently set at £1240 per annum. Terms and conditions of employment are excellent, including non-contributory pension and life assurance scheme, Staff Housing loans (available in approved cases only), interest free season ticket loans, and free luncheon facilities.

Please write, enclosing a full c.v. to:—
M.K. Paisley, Personnel Officer,
Guardian Royal Exchange Assurance plc,
Royal Exchange, London EC3V 3LS.

COMMERCIAL DIRECTOR

Circa £20K + car etc.

Our client is an operating group of one of the largest British international organisations, with interests in consumer goods, retailing, paper, printing and packaging.

A subsidiary Company based in Suffolk manufactures blown plastic containers for the Beverage Industry and a variety of other diverse applications. This is a profitable growth business with a turnover for 1983 estimated at around £25m, employing 600 people. A Commercial Director is required to take over responsibility principally for Accounting, Purchasing (approx. £12m p.a.) and Personnel. He/she will be supported in this role by Managers in each department.

Applications are invited for candidates fulfilling the following criteria:
- Accountancy qualification or M.B.A. with subsequent financial experience.
- Age 30-45 years.
- Experience in Financial Accounting and purchasing of large volume commodities.
- Long term, high value Sales Contracts experience in process type industry.
- Experience preferably in a similar size of business.

c.v.'s should be addressed to:

Dr G. Copley
WRIGHTSON WOOD (BRISTOL) LTD
125 Pembroke Road
Bristol BS8 3ES
Tel: 0272 738767

All applications will be treated in the strictest confidence, such that no information will be divulged to the client without the consent of the applicant.

INTERNATIONAL BANKING

SENIOR MARKETING OFFICER(S) — **c. £20,000**

Two energetically expanding International banks each seek a senior banker with substantial and successful business development experience, together with people management skills.

—One is to be concerned with the U.K. Corporate market.
—The other should have exposure to Latin America and therefore have appropriate linguistic ability.

CREDIT ANALYSIS — **£8,000 - £14,000**

Progressive career opportunities occur with a number of active City banks for young bankers fundamentally with a genuinely sound credit background. Specific situations demand additional skills — e.g. fluency in Spanish, Italian/marketing potential/supervisory ability.

ACCOUNTING/FIN. CONTROL — **£11,000 - £14,000**

Good all round knowledge of computerised International bank accounting is the essential requirement of this expanding European bank; a formal accounting qualification could possibly offset relatively short-term experience.

An interesting opportunity also exists in Internal Audit with a newish and rapidly developing City bank.

Please Tel: John Chiverton, Ann Costello or Trevor Williams

JOHN CHIVERTON ASSOCIATES LTD.
5, CASTLE COURT, LONDON, E.C.3, 01-623 3861

International Project Finance Adviser

The Trafalgar House Group wish to recruit an International project adviser with a banking/financial background to join a small specialist team engaged in the procurement of project finance to support its international construction activities running at £250 million turnover per annum.

Applicants should have current experience of arranging project related finance utilising ECGD supported loans and commercial loans. In addition the applicant will be required to advise on contract bonds, political risk insurance, minimisation of foreign exchange exposure and other related matters.

Salary and other benefits reflect the importance of the position. A company car is provided and overseas travel will be involved.

Location – London.

Apply in writing to: T. W. West, Finance Director, Civil International Specialist Structural Operations, Trafalgar House, 2 Chalkhill Road, Hammersmith International Centre, Hammersmith, London W6 8DN.

WILLIAMS DE BROE

Fixed Interest Sales

Having developed a highly successful gilt-edged department during the past 7 years, Williams de Broe Hill Chaplin & Co. now intend to extend their coverage to fixed-interest stocks. A person or small team with experience of the industrial loan stock and debenture markets is sought to work in conjunction with a strongly motivated team. Applicants should be seeking an opportunity to take responsibility for the development of new business. Fully competitive salary and incentive bonus plus excellent prospects of partnership are offered.

Apply in writing to:
P. W. Clarke,
WILLIAMS DE BROE HILL CHAPLIN & CO.,
P.O. Box 515, Pinners Hall, Austin Friars, London, EC2P 2HS.

WANTED

LICENSED DEALER in Securities with private clientele, seeks association with member firm/institution. Write Box A.8220, Financial Times, 10 Cannon Street, London, EC4P 4BY.

BANKING PEOPLE

SENIOR CURRENCY DEALERS

Our client is a wholly-owned subsidiary of a major international bank, and a leading MARKET MAKER in its field. These positions are KEY APPOINTMENTS in the overall strategy of the current phase of a major expansion programme.

The ideal candidates will be 30-40, have dealt foreign exchange in all major currencies, and have a working knowledge of the bank note market. Experience in room administration, position management, and an ability to communicate at all levels are prime requirements.

Additionally the positions offer scope and challenge in the fields of planning and marketing. A working knowledge of at least two European languages is required. Salary negotiable.

Applications will be handled in strictest confidence by:—
ROGER PARKER

4 LONDON WALL BUILDINGS, BLOMFIELD STREET, LONDON EC2M 5NT
01 588 3561

EXHIBITION EXECUTIVE

International Exhibition Contractor requires an ambitious executive with senior management potential.

The successful candidate will have a high degree of self-motivation, enthusiasm and leadership qualities, with a knowledge of sales and business management. He/she will be an effective communicator, with a basic knowledge of electrical engineering. Experience of the Exhibition Industry would be an added advantage.

The appointment will be in the Midlands and the preferred age range is 28-35 years.

An attractive salary will be offered, with pension scheme and the usual fringe benefits.

Please submit letters of application together with CV's in the first instance to:—
Box A8214, Financial Times, 10 Cannon Street London EC4P 4BY

City — to £25,000

Commercial Conveyancing Early Partnership

Our client is a medium-sized progressive and profitable practice with a powerful client-base in the building industry. Growth and planned development now dictate the need for a broadly-skilled commercial conveyancer with considerable business acumen to join their general commercial team.

The ideal candidate will be aged 28-30, a graduate who, having qualified with a city firm, will by now have at least 2 years specialist postqualification experience in commercial conveyancing and acquired presence, credibility and maturity.

The rewards will be equal to the very real challenge. Candidates should apply in writing, enclosing a comprehensive curriculum vitae and quoting reference 2065F to Mrs. Indira Brown, Corporate Resourcing Group, 6 Westminster Palace Gardens, Artillery Row, London SW1P 1RL. Telephone: 01-222 5555.

Corporate Resourcing Group
Management Consultants · Executive Search

Pensions Investment Consultants

Legal & General is Britain's largest pensions office. One of the reasons is the quality of service and advice we provide to our clients.

With the continued growth in the number of our Managed and Segregated Fund clients, we need to expand our team of Pensions Investment Consultants to maintain this quality. We are now looking, therefore, for two more Consultants to join us.

The right people will probably be aged between 28 and 40, with an investment background. Experience of dealing direct with clients at a senior level would be an advantage.

This position is based in our City of London Head Office at Temple Court. The starting salary will be more than competitive for the right man or woman. In addition, the appointment carries a wide range of fringe benefits including a company car and subsidised house purchase arrangements.

In the first instance, please write, giving brief career details, to:

John Weir,
Legal & General Assurance (Pensions Management) Limited,
Temple Court,
11 Queen Victoria Street,
London EC4N 4TP.

Legal & General

Senior Treasury Executive

Croydon, Surrey

We are seeking an experienced person, who will report directly to the Group Finance Manager and be responsible on a day-to-day basis for the company's borrowing and currency requirements, acting within group policy and guidelines.

The successful candidate will be familiar with the facilities offered by the London money market and have experience of buying/selling currencies.

The position will also require occasional involvement in the administration of the treasury department and applicants will therefore need a working knowledge of UK banking and export/import procedures.

This is an interesting career opportunity within a large international company, the importance of which will be reflected in a competitive remuneration package.

Please write, in complete confidence, enclosing details of your experience to date and present salary to:-

Mrs. L.C. Stuart, Personnel Officer, The Nestlé Company Ltd., St. Georges House, Croydon, Surrey CR9 1NR.

Nestlé

SCIENCE/TECHNOLOGY - INVESTMENT RESEARCH

Lombard Odier International Portfolio Management Limited, a wholly owned subsidiary of Lombard Odier & Cie, a Swiss private bank, is expanding its London-based technology team.

Candidates, under 30 years of age, with advanced University degrees, who are interested and motivated in applying their specialist knowledge to the field of investment management are invited to write to:

LOMBARD ODIER INTERNATIONAL
PORTFOLIO MANAGEMENT LIMITED
Portland House
72-73 Basinghall Street
London EC2V 5PB

The work will involve substantial travel in Europe, the USA and Japan.

WEST MIDLANDS COUNTY COUNCIL
ECONOMIC DEVELOPMENT UNIT

CO-OPERATIVE APPRAISAL OFFICER

up to £10,563

Post Ref. ED71

The West Midlands County Council is seeking to appoint a Co-operative Appraisal Officer to join the small team working on industrial co-operatives in the Economic Development Unit. The main task of the appraisal officer would be to examine in detail proposals from existing or potential co-operatives and to prepare feasibility studies into the commercial viability of proposals for financial support.

It is likely that the candidate will be qualified to degree level with professional qualifications and experience in accounting, marketing, market research or another relevant business discipline. Experience of undertaking feasibility studies and a knowledge of industrial co-operatives would be particularly welcomed.

For an application form write or telephone, quoting post reference number, to: County Personnel Officer, West Midlands County Council, County Hall, 1 Lancaster Circus, Queensway, Birmingham B4 7DJ. Telephone No. 021-300 7825. A 24-hour telephone answering service is in operation. Closing Date: 27th May, 1983.

The County Council is an Equal Opportunities Employer.

A direct line to the executive shortlist

InterExec is the only organization specialising in the confidential promotion of senior executives.

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The one who stands out

Accountancy Appointments

COVENTRY CITY COUNCIL

Senior Accountant

(Loans and Leasing)

Salary up to £12,174 per annum

An excellent opportunity exists for an Accountant or Financial Analyst to gain financial and management experience in a progressive local authority finance function. The successful applicant will head a small team which manages the City Council's loan debt of £250 million.

Reporting directly to an Assistant City Treasurer, the position will involve acting as the main dealer in day to day transactions, which had a turnover of over £1,000 million in 1982/83; advising the City Treasurer on aspects of borrowing policy and financing strategy; preparation of loans fund accounts, and the negotiation of leasing facilities to fund a substantial programme. There is a further challenge to contribute to the development of computer loans systems.

Ideally the person appointed will be a graduate with an Economics or Business Studies degree and have several years experience in the Public Sector. However we will also consider someone who is conversant with the Local Authority Money and Leasing Markets and who can demonstrate the potential to develop beyond this post within the Department. To assist this, we are prepared to offer financial assistance to attend the Senior Officer's course at Liverpool Polytechnic to obtain CIPFA qualification.

Coventry is a pleasant city which is large enough to have all the major amenities. It has reasonably priced housing and allows access to nearby countryside and numerous places of interest.

A relocation allowance of up to £1,000 will be available if necessary.

Application forms and further details are available from the Personnel Officer, City Treasurer's Department, Council House, Earl Street, Coventry CV1 5RR or telephone 0203 25555, ext. 2227.

Closing date for applications will be Friday 27th May 1983.

an equal opportunity employer

Accountants Financial and Management

c £12,500 p.a. City

To meet the demands of rapid expansion a major UK multi-national finance and investment group requires three young, qualified accountants, ideally aged 25-30 and preferably graduates.

The successful candidates must be prepared to use initiative and work effectively in a multi-discipline team where duties are interchangeable. Working in a Head Office environment they will be in constant contact with senior executives worldwide.

Exceptional opportunities for training and career progression are available to candidates determined to achieve success.

Mervyn Hughes Alexandre Tic (International) Ltd.
Management Recruitment Consultants

Applications in confidence to:
Brian G. Luxton, under ref: 6642,
37 Golden Square,
London W1R 4AN.
01-434 4091.

Financial controller (director designate)

London, c £25,000 + car

For a diversified UK industrial and trading group, turnover £75m, itself part of a large UK investment holding company.

Reporting to the new Executive Chairman, you will work closely with him in turning the group round. Routine accounting is in good shape and the emphasis will be on rationalisation, asset management, disposal and profit improvement.

A qualified accountant, you must be strong on management accounting with experience of acquisitions, disinvestment and of the controllership role in industry. You must have general management skills, a high energy level, an entrepreneurial streak and the ability to take pressure and some forceful colleagues in your stride. Three year rolling contract.

Résumés including a daytime telephone number to R C Henry, Executive Selection Division, Ref. H017.

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Coopers & Lybrand Associates Limited
management consultants

Fleetway House 25 Farringdon Street
London EC4A 4AQ

Group Legal Manager

c £12,000 + car

Henry Boot & Sons PLC require a suitably qualified person to assist the Group Company Secretary with the legal administration of the Henry Boot Group of Companies and in particular property matters.

It is anticipated that the successful applicant will be around 30 years of age, have proven experience in a similar environment and probably hold either a professional qualification or a law degree.

The Group is established in both the UK and overseas, and has a turnover in excess of £100 million with interests in Building, Civil Engineering, Homes, Railway Engineering, Joinery, Plant, Property Development and Investments.

A company car will be provided together with Private Patient's Plan membership and Company Pension and Life Assurance Scheme.

Assistance will be given with removal expenses where necessary.

Please apply in writing to:
Alan M. Bamford, Group Personnel Director
Henry Boot & Sons PLC
Banner Cross Hall, Sheffield, S11 9PD

Henry Boot

L. BLOOM (PLYWOOD) LIMITED

GROUP OF COMPANIES

COMPANY SECRETARY/FINANCIAL CONTROLLER

A suitably experienced person is required by this Group of Companies who are actively engaged in the Wood-Based Panel Products Trade and are a major group within the Meyer International PLC organisation.

The successful applicant, who will report directly to the Chairman and Managing Director, will be responsible for maintaining the secretarial functions and managing the company's finances as well as assisting in the day-to-day routine of the business.

The requirement is for a qualified accountant aged around 35 preferably with commercial experience. An excellent salary, company car and first-rate contributory pension scheme is offered to an enterprising and imaginative person who is also seeking an interesting and rewarding situation with a forward-looking Group of Companies.

Please apply in writing to:—

Geoffrey Myers
L. BLOOM (PLYWOOD) LIMITED
Forest House, 70-74 Green Lanes
Palmers Green, London N13 6BE

Group Financial Accountant

West of London — to £16,000 + car

This UK company, part of a substantial worldwide group, has a turnover around £150m and is a major supplier of materials to the construction industry. Its activities are spread throughout Britain on some 200 sites, and the accounting organisation is centred at headquarters to the west of London. The person appointed will report to the Chief Accountant and manage the Group Financial Accounting Department comprising some 15 staff. The wide responsibilities will include the preparation of half-yearly accounts for the parent group and UK statutory accounts involving the consolidation of some 40 subsidiary companies. Candidates, in their 30s, must have a sound professional accounting background followed by a successful period in industry. Salary is negotiable up to £16,000, with a car and good benefits package.

Write for an application form or send brief CV to the address below, *quoting ref: AA51/8245/FT on both letter and envelope*, and advising us of any other applications you have made to PA Personnel Services within the last twelve months. No details are divulged to clients without prior permission. Initial interviews will be conducted by PA Consultants.

PA Personnel Services

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874

A member of PA International

FORFAITING

London Interstate Bank Limited, a consortium bank owned equally by two American banks and two Scandinavian banks, is seeking an experienced officer to establish and develop a forfaiting department within the bank. The successful candidate, who should have a minimum of two years' experience in forfaiting, will have responsibility for the day-to-day running of the department and will be actively involved in marketing.

Salary will be commensurate with age and experience and includes an attractive banking benefit package.

Please write, enclosing curriculum vitae, to:

David Lilley, Senior Manager
LONDON INTERSTATE BANK LIMITED
Bastion House, 140 London Wall
London EC2Y 5DN

ASSISTANT TO THE FINANCIAL CONTROLLER

to £12,000 + benefits

A highly profitable trading company in the West End wishes to recruit a newly-qualified chartered accountant. The company is a subsidiary of an international corporation.

Responsibilities will be diverse and include: involvement in the preparation and reporting of budgets and actual performance, various specific projects such as financial modelling enhancements and review of systems and internal controls.

It is anticipated that the scope of the role will expand rapidly in line with the individual's understanding of the company and its market.

Suitable applicants will be technically astute, innovative in a practical way with the ability to work well with line managers.

The job offers the ideal opportunity for someone wishing to move from the profession to a broad-based commercial environment.

Write enclosing a c.v. to:
Box A5209
Financial Times
10 Cannon Street
London EC4P 4BY

Finance Director Designate

From £15,000 : plus car

West of London

This key appointment calls for a competent and experienced accountant to take full responsibility for the co-ordination of effective accounting, budgeting, costing and financial planning within a public company seeking improved profitability. Given success, a Board appointment should result within 12 months.

Candidates, probably aged over 35, should be qualified, with at least 5 years' practical experience in a responsible financial role preferably in another public company; the ability to communicate effectively with all levels of management is essential.

Salary negotiable over £15,000; other benefits including pension scheme, medical insurance, 5 weeks' holiday and relocation assistance where appropriate.

Please write with full details. These will be forwarded direct to our client. List on a separate sheet companies to whom your application should not be sent. Ref. B.1345.

This appointment is open to men and women.

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Manchester: 061-228 0089, Sunley Building, Piccadilly Plaza.
Glasgow: 041-332 1502, 141 West Nile Street, Glasgow G1.

We are also specialists in 'Outplacement' for organisations, through our affiliated company Lander Corporate Services Limited.

CHIEF ACCOUNTANT

West End — c£14,000 + car

Our client, Video Arts Television Ltd., is an established and rapidly growing company specialising in the production of major high quality film and video series for world markets. They wish to recruit a qualified accountant to join the management team.

The successful candidate will be responsible to the finance director for the efficient management of the company's accounts department. In particular the chief accountant will supervise and develop the company's production budgeting and cost reporting systems, which are micro-computer based, and will be actively involved in the collecting and reporting of world wide distribution income and the management of cash resources.

The right person will be qualified, aged 28 to 35, a self starter preferably with some knowledge of the industry and essentially with a positive attitude to the finance function. The salary is negotiable around £14,000 p.a. plus car, BUPA and n/c pension scheme.

Applicants should write in confidence with full details of previous experience and current salary quoting reference L1914 to John Hills at:-

Annan Impey Morrish
Management Consultants
40/43 Chancery Lane
London WC2A 1JJ

A.I.M.

SENIOR OIL ANALYST

Candidates should possess a detailed knowledge of the oil industry and be able to produce in-depth reports on companies and the industry and communicate their ideas to clients.

Interested applicants should contact:

John Toalster, Head of Research
MONTAGU, LOEBL, STANLEY
31, Sun Street, London EC2M 2QP
Tel: 01-377 9242

Financial Administrator

Paris — c£14,000

A rapidly expanding international Computer Company require a highly motivated person to control their overall accounts function including the consolidation of accounts and coherent reports to strict deadlines, the review and upgrade of systems, and the co-ordination of a centralised Treasury Department for four subsidiaries located throughout Europe.

Ideally, candidates should be recently qualified (ACA preferred) with sound knowledge of computer systems, uninhibited by constant pressure and travel and have good organisational skills. The ability to communicate in European languages is not necessary but would prove an advantage. For further details or interview contact Julian Dunlop FCA (quoting ref. 002).

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"Putting people into business"

37 Eastcheap,
London EC3.
Tel: 01-623 3544

Port Management Accountant

Middle East

c.£24,000 p.a. + benefits

Our client, a large multi-discipline company with broad experience in the Middle East, requires a Management Accountant to oversee the finance function in a major port project. Aged 30-40, the successful candidate will be responsible with a staff of 30 for all financial transactions of the Port including preparation of budgets, management accounts, forecasts, consignees dues and billings.

Applicants must hold a Chartered or Cost and Management Accountant qualification with a number of years post qualification experience preferably in a shipping or freight forwarding environment.

Initially on bachelor status, the post may later be of marriage status. Benefits include company car, free medical cover, free fully furnished accommodation and a catering allowance.

Please write initially with full c.v. to Confidential Reply Service, Ref. ASP 8717, Austin Knight Limited, London, W1A 1DS.

Applications are forwarded to the client concerned, therefore companies in which you are not interested should be listed in a covering letter to the Confidential Reply Supervisor.

DUE TO EXPANSION
Godsell & Co.

require the following for their Dollar Deposit Section:

1) Personnel with a minimum of 2 years' experience for the overseas link section to cover a variety of centres abroad.
2) An experienced short date broker to head an aggressive yet compact section.

Please reply in confidence to:
Miss Sally Martin, Godsell & Co. Ltd.,
Marion House, 71/74 Mark Lane, London E.C.3

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. . . with one to two years' experience since qualification seeking a first move from the profession into:—

★ Corporate Finance with a leading accepting house for entrepreneurial ACAs having exposure to investigations / acquisitions. c. £12,000

★ Treasury Management with the group treasury department of a major international bank. £12,000+

★ Bermuda as the first step of an international banking career in a controllership/systems role. c. $26,000 Tax Free

★ Systems Development, acting as interface between finance and technocracy on a major new system with an international bank. £12,000+

Applications will be handled in strictest confidence by:—

Roger Parker FCA

4 LONDON WALL BUILDINGS, BLOMFIELD STREET, LONDON EC2M 5NT.
01-588 8161

ACCOUNTANCY APPOINTMENTS APPEARS EVERY THURSDAY
Rate £31.50 per Single Column Centimetre

BACHE HALSEY STUART SHIELDS INC.

TRADING DESK ASSISTANT

Suggested Age 18-23

Experienced person required whose duties would involve trading in non-American securities mainly UK and Dutch, also price service to New York

Please write giving details of experience and salary expected to:
A. Galbraith, Bache Halsey Stuart Shields Inc. 1st Floor, Block C
Plantation House, Fenchurch Street, London EC3M 3EP

Accountancy Appointments

Finance Director

£25,000 Plus

This is a key appointment within a substantial Scottish-based manufacturing and distribution company, part of a highly successful UK group.

Responsibility will be for the complete financial direction and control of the business, with an important involvement in broad commercial policy and decision making.

The requirement is for an MBA or a qualified accountant with a proven record of success in financial management. This will have been achieved at or near board level in a fast moving, marketing-oriented company or group with well developed computerised financial planning and control systems.

Age: around 35.
Location: Central Scotland.

Please write in complete confidence to Peter Craigie as adviser to the group.

Arthur Young McClelland Moores & Co.
Management Consultants,
George House,
50 George Square,
Glasgow G2 1RR.

Arthur Young McClelland Moores & Co.
A MEMBER OF AMSA IN EUROPE AND ARTHUR YOUNG INTERNATIONAL

CHARTERED ACCOUNTANT

A major financial institution is seeking an ambitious chartered accountant who is both adaptable and perceptive. Aged between 25-30, post qualification experience is essential and auditing experience alone is unlikely to be sufficient. The job offers experience in re-thinking existing accounting and information systems in order to seek improvements using advanced computer technology. It demands a methodical and logical approach, linked to a strong interest in contributing to profit. Future prospects would include line management positions.

Remuneration Package c.£15,000

Location: South London

Please write with full CV, listing separately any companies to whom your application should not be sent, to:

The Financial Controller, Box A.8215,
The Financial Times,
10 Cannon Street, London EC4P 4BY.

FINANCE DIRECTOR

(Designate)

c.£25,000 + car

Our client, a substantial company whose main activities are in international leasing, wishes to appoint a Finance Director (Designate). This is a new position, created by the rapid growth of the organisation. The person appointed could expect to be offered a place on the Board in due course. The company is based in the Home Counties.

The candidate will be responsible for the whole of the financial accounting in the UK and overseas and must be experienced in cash and currency management, and should have extensive knowledge of, and experience in, international money transactions, foreign currency exchange and the placing of money on the long and short term market.

Candidates should be qualified accountants with experience in commerce or industry. Preferred age, 35 to 40.

The starting salary will be in the region of £25,000, and other benefits are those associated with a major company.

Please write or telephone for an application form, quoting reference number 1362 to:

bhf

Anne Knell, Principal Consultant,
Binder Hamlyn Fry & Co.,
Executive Selection Division,
8 St. Bride Street, London EC4A 4DA.
Tel: 01-353 3020.

ema

A major and successful British consumer product group, our client is currently undergoing a period of restructure and rationalisation. This exercise has led to a requirement to strengthen the Group's financial management through the recruitment of three executives.

Financial Controller

Age 30-36 **c £22,000 + Car**

Working in one of the main operating companies of the Group, the Controller will report to the Commercial Director and run a substantial staff. The emphasis of the position will be upon financial management and reporting and development of systems and control information. The Controller will be expected to have a major impact on the business, both financially and commercially.

Group Controllers

Age 30-36 **c £22,000 + Car**

Members of a small Head Office team, the Controllers will have responsibility for the review of the operations and performance of subsidiary divisions. Working closely with senior management, the roles will be supportive, creative and strategic and require both strong financial skills and commercial awareness. The positions involve some overseas travel.

All positions are based in the London area and have excellent promotion prospects.

Applicants (male or female) for the positions should be graduate qualified accountants with industrial/commercial experience. Accountants with MBAs will be of particular interest to the group. Please write, enclosing a career history and day-time telephone number, to David Hogg FCA, quoting reference I/2168.

EMA Management Personnel Ltd.
Halton House, 20/23 Holborn, London EC1N 2JD
Telephone: 01-242 7773 (24 hour).

Financial Analyst

C. London **£15,000 + Car**

Our client is a major household name in the leisure industry. Continued growth and development has created the need for a senior analyst to join the small head office financial team.

Candidates, aged 27 – 32, will be qualified accountants with at least three years post qualification experience including analysis, planning and financial modelling, gained within a large organisation. Familiarity with computers and previous liaison at senior management level are vital elements in the appointment.

The role is responsible for providing senior financial and non-financial management with a full service involving:-

- ★ Financial reporting on the Group's, and competitors', current and past performance.
- ★ Acquisition appraisal and disinvestment studies in the U.K. and overseas.
- ★ Financial modelling, including the design, data collection and modelling of computer systems.
- ★ Providing a general advisory/analytical service in conjunction with the Financial Planning Manager.

The position demands a high standard of communicative skills, numeracy, clarity of thought and the ability to work efficiently to tight deadlines. For a high-calibre individual career advancement prospects are first-class.

Candidates should write to Nigel Hopkins F.C.A., enclosing a comprehensive curriculum vitae, quoting ref 919 at 31 Southampton Row, London, WC1B 5HY.

MP
Michael Page Partnership
International Recruitment Consultants
London New York
Birmingham Manchester Leeds Glasgow

Finance Director

c.£45K.
London Area

A major British company with international interests requires a new Finance Director to join its main board. The company has a turnover in excess of £500M, is a leading worldwide supplier of manufactured industrial products and is currently pursuing a programme of new market penetration with an exciting range of new products derived from its own R and D activities.

The role of the Finance Director is a particularly critical one at the present stage of the company's development and calls for an individual of exceptional stature and ability. Essential requirements include a university degree and an accountancy qualification, with at least 15 years' achievement-orientated experience in industry/commerce including a minimum of 5 years in the top financial job within a substantial organisation. Operational experience in the manufacturing sector is highly desirable, and significant involvement with banking and financial circles in the City is important. Some exposure to non-UK environments would also be useful. The age range envisaged is 38-48.

The job carries full responsibility as the main board member for finance and also covers a range of related administrative functions. The Finance Director will need to make an important personal contribution in the area of cash management.

The compensation package includes a top hat pension scheme, share-options, and the full range of other benefits normally attached to such a position in a large company (car, private medical cover etc). Relocation costs will be met where necessary.

As the targetted starting date is 1 July, please send a full C.V. as soon as possible to the address below quoting ref: FT16 on the envelope, with a cover letter including names of any companies to which you would not wish your C.V. to be submitted.

A.W.H. Rankin,
5/9 Mandeville Place, London W1M 6AE.

ACCOUNTANCY APPOINTMENTS
Rate £31.50 per single column centimetre

Financial Director

Central London **From £18,000 + car**

A rapidly growing group with interests in the retail, property and service sectors seek a commercially-oriented Financial Director to take charge of its entire financial operations.

The successful candidate will have qualified with a major firm of Chartered Accountants and beve et least four year's post-qualificatioo experience, ideally in an fmcg environment. Experience of micro-computer applications, systems development and a flexible business approach are vital, as is the ability to guide the business through tha next stage of its development.

The role will involve:

- Total financial responsibility for the varied operations of the group and the maintenance of strict financial controls.
- The provision of succinct, relevant management information.
- The ability to initiate changes to keep pace with the rapid development of the business.
- Working closely with the Managing Director on day-to-day operating decisions and future expansion plans.

The position offers an exciting and challenging career to a candidate who will play a major role in a small, entrepreneurial management team.

Please send concise career details in confidence to RCS Consultants, advisers to the Group, at 10 Cheval Place, London SW7.

RCS
Consultants

AMES ADVERTISING

6 CHART WAY, REIGATE, SURREY RH2 0NZ. Tel: REIGATE (07372) 22219

Group Financial Appointment

A major industriel company whose mein interests lie in the supply of materials to the construction industry needs to fill an important vacancy. The post will be based in the Bristol eree, with the successful applicant reporting directly to the Group Financial Controller.

GROUP INTERNAL AUDITOR —— c. £17,500 + Car

The role of internel euditor hes been astablishad throughout tha company's subsidiariee, and a suitably qualified pereon is now eought to head up the function at group level.

Extensive professional experience is an essential requirement. The ideal candidate will elso have worked for some while in e larga commercial or industrial orgenieetion, preferebly where there is a considerable degree of local eutonomy. He or she will need to demonstrate e strong combination of commercial and administrative talents end the ebility to establish good liaison with management et ell levels.

All epplications will be forwarded direct to our client, therefore please enclose e separate list of companies to which your application should not be sent. Please epply with full curriculum vitae to:

AMES ADVERTISING (Ref 39/7A)
6 CHART WAY, REIGATE, SURREY RH2 0NZ

Financial Accountant

Reinsurance Company

c£12,500 + benefits **City**

Our client, a subsidiary of a major U.S. insurance group, wishes to appoint a recently qualified Accountant to strengthen its existing team.

Reporting to the Chief Accountant, the successful applicant will initially assume responsibility for aspects of financial reporting, whilst gaining exposure to company systems. Once this has been achieved, the Accountant will also undertake systems investigations, including computer controls.

The person appointed is likely to be a Chartered Accountant seeking a first commercial role. Personal qualities will include self-motivation and the ability to communicate at all levels. Experience of computerised accounting systems is essential.

Interested applicants should send their c.v. to Susan Warner listing separately any companies to whom they should not be forwarded.

Mervyn Hughes Advertising
37 Golden Square, London W1R 4AL.

INTERNATIONAL FINANCIAL CONTROLLER

PROPERTY

LONDON BASED

Age 26/32 — Salary c. £16,000

An International Real-Estate Development and Investment group requires a financial controller to join the multi-nadonal management team to:

(a) control group accounting
(b) analyse development proposals and structure new projects
(c) create and refine accounting systems
(d) control company secretarial and taxation affairs

Candidates should be qualified accountants, preferably with a degree, with relevant experience in commerce or the profession. A knowledge of foreign languages, particularly French, and experience in micro-computers would be advantageous.

Applications in confidence to Box A8219
10 Cannon Street, London EC4P 4BY

FINANCIAL CONTROLLER AND COMPANY SECRETARY

London **Excellent Neg Salary + Car**

Our client is a **well established family owned** distributor end marketer of timber and allied products to a wide variety of wholesale and retail outlets throughoul the UK. With turnover **approaching £20M and employing about 200,** the company is now looking to continued growth in its industry sector.

To play a significant part in this growth, now sought is a suilably qualified and experienced accountanl, reporting lo **Joint Managing Directors,** to:

- Head up the total financial function
- Liaise with professional advisers and bankers
- Carry out a full range of secretarial functions
- Present meaningful computerised management accounts
- Direct and motivate a staff of 30

Salary is entirely negotiable, and benefits include a **potential opportunity for a Board appointment** for the right applicant in due course.

Candidates, male or female, please telephone Lyn Mewes, Recruitment Secretary, on Windsor (07535) 67175 (24 hrs) for further details and an application form quoting Ref. DB/439.

ICFC CONSULTANTS LIMITED
A subsidiary of Finance for Industry plc

Accountancy Appointments

Ambitious financial director

S. Yorks, c£17,000 + car

All jobs are described as challenging and exciting – but we think that this one really is. You'll enjoy the MD's style. He'll stretch you for sure but, with some concentrated experience, he'll also put you on track for your own MD's post in a few years time. Routine accounting is excellent so your main thrust will be commercial – squeezing costs, negotiating contracts, being inquisitive about product pricing and, most important, bringing numbers to life in the boardroom and on the shop floor.

About the company – highly regarded for its engineering products (years of experience), turnover £5m, part of a quoted group. A survivor. Now projecting renewed growth particularly in N. America.

About you – thirty-three plus and a qualified accountant. On top of the controller role. At ease with standard costs and O/H recovery. Succinct communicator. Strong personality. Energy to burn. Totally committed. They'd like you to have a sense of humour as well!

Those still reading should write to M Rowley, Executive Selection Division, *Ref. R160.*

Coopers & Lybrand associates

Coopers & Lybrand Associates Limited
management consultants

Scottish Mutual House Park Row
Leeds LS1 5JG

Accountant

Circa £14,000 + car

We have been retained by a UK Insurance Company who are American owned to select a Professionally Qualified Accountant to join their Surrey based Financial Accounting Division.

The Divisions major responsibility is the Financial Control of the Group UK Insurance Company and its Underwriting Agencies. Additional responsibilities include the UK Subsidiaries of two Japanese Insurance Companies.

Reporting to the Company's Chief Accountant, the successful candidate will become a key member of the Management Team, and be expected to provide a significant contribution in terms of Corporate Development, Financial Appraisal and Computer Systems.

The position offers the scope and opportunity to *secure a challenging and rewarding* career with a company committed to expansion.

Suitable applicants are likely to be aged around 30 and preferably possess an Insurance background, although the more essential components are ambition and a desire for total efficiency.

An attractive Fringe Benefits Package is offered which includes a Contributory Pension Scheme, Free Medical Expenses, Permanent Health and Life Assurance Schemes.

Please send your detailed c.v. to David Curtis,
P.E.R.,
4/5 Grosvenor Place,
London SW1X 7SB.

PER Confidential Reply Service

Securities Administration & Control

Major Accepting House

ACA, 27-31

c.£17,500 + benefits

The position of Assistant to the Head of Administration (Investments) is offered by one of the City's most successful and renowned Merchant Banks, a world leader in fund management both in the UK and overseas.

The appointee, as a senior member of a large division, will assume a broad range of responsibilities embracing systems development, accounting, budgeting, financial control, administration and staff management in an area of crucial importance to the international development of the Bank. Prospects for further advancement within the division are first-class.

Applications are invited from graduate Chartered Accountants trained by a major professional firm and with some experience of auditing financial institutions.

Please write in confidence, explaining how you meet the requirements and quoting reference 4642/L, to N. P. Halsey, 165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

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THE MANAGEMENT PAGE: Marketing

EDITED BY CHRISTOPHER LORENZ

The 'no-name' brand war

John Davies on West Germany's cigarette market

THE WEST GERMAN cigarette market is enough to make anyone gasp. For a start, the government last year drastically increased the tobacco sales tax. Then cheap "no-name" cigarettes, some produced abroad, captured a rapidly rising market share. To top it all, Reemtsma, the market leader, has reacted boldly by touching off a price war and left its rivals fuming.

Reemtsma executives are charting the course of the battle in the peaceful surroundings of their modern headquarters, with garden views, in an elegant residential suburb of Hamburg. But they wear the frowns and display the reticence of tacticians still in the midst of a tough campaign in which a lot is at stake.

At the same time, they assert that their strategy and all its repercussions have been carefully thought out. The initial stage of the strategy appears to have been successful, they declare, and remains now to be followed through.

The related problems of sales tax and "no-name" cigarettes brought about some drastic changes in the market in the second half of last year. The government then in power—the Social Democrats and Free Democrats under Chancellor Helmut Schmidt—raised the tobacco tax by 39 per cent as part of a solution to its budget problems. Smokers, however, baulked at the higher prices and turned increasingly to a host of new packs, produced by small companies, including Austrians, largely sold in grocery supermarkets.

In the next five months, the "no-names," as they have been widely dubbed, captured as much as 40 per cent of cigarette sales in some supermarkets. As one Reemtsma executive pointed out, the "no-names" sold 413m cigarettes in 1981 but 4.13bn—10 times as many—in 1982, mostly in the second half of the year, after the tax rise.

Reemtsma, unlike some other major manufacturers, relies on supermarkets for a sizeable share of its sales. So, the advance of the "no-names" was relatively more of a threat to Reemtsma than to some of its rivals, which rely more heavily on vending machine sales.

All this took place against the background of an overall decline in the market. Statistics from cigarette tax authorities show that 112.7bn cigarettes were sold (and taxed) in West Germany last year, down 13.5 per cent. The tobacco tax rise backfired on the government, producing only about two-thirds of the desired revenue.

Reemtsma launched a counter-attack on the "no-names" by slashing the price of two hitherto little-smoked brands, West and Juno, each of which had less than 1 per cent of the market. West, which had long been publicised with the image of a muscle-bound truckdriver, was cut in January from DM 3.80 ($1.56) to DM 3.30 for a pack of 20. Juno was brought down in February to DM 3.15 for a 19-cigarette pack and was backed up by advertising which showed a hand offering a cigarette to various people in a moderate hurry (for example, a young lady laden with parcels and an appreciative, poorly shaven waiter).

The other main manufacturers quickly followed suit with cut-price brands supported by heavy advertising, amid dire protestations that price-cutting would be self-defeating and would ruin everyone's profits.

First indications are that the cut-price brands have won perhaps 20 per cent of the market, West gaining as much as 8 per cent and Philip Morris's L and M perhaps 4 per cent, with Juno, Overstolz, Gold Dollar and Chesterfield scurrying along behind. The gains have come from the "no-names," which have been pushed back from about 10 per cent to about 7 per cent of the market, but also—and, there's the rub!—from the dearer, established and more profitable brands.

Reemtsma executives are reluctant to talk at this stage about any current market shares or trends, pointing out that it is still too soon to get a proper picture and that deliveries to the trade are not an accurate short-term reflection of sales.

But Reemtsma is adamant that its strategy has been correct (and the consequences of it foreseen), that the strategy appears to be working, that it is not losing money on any brands and that the next phase in its plans are stabilisation of the market shares of the "classical" higher-priced brands.

"We had no other choice," says one Reemtsma executive. "Our aim was to build a dam against the no-names and we have achieved this objective."

Wulf Schulemann, Reemtsma's cigarette marketing chief, believes that cut-price brands will continue as a market segment, acting as a buffer between the "no-names" and the top brands. His company, however, does not believe that all the cut-price brands of the main manufacturers will survive. The "no-names," while remaining as a market segment, will have a diminishing share of the total.

The "classical" higher-priced cigarettes, he believes, will continue to occupy the largest market segment and Reemtsma will give high priority to nurturing the market share of these cigarettes, although perhaps at a lower level than last year.

The company has the West German rights for Peter Stuyvesant, as well as Ernte and R6. All were among the top 10 brands last year, with Stuyvesant taking 7 per cent of the total market, Ernte 6.4 per cent and R6 4.5 per cent. By contrast BAT's HB brand was the top seller, with 17.9 per cent, followed by Philip Morris's Marlboro with 13.8 per cent.

"We must make clear to consumers that a higher priced product is worth the money," says Schulemann. The top brands must therefore reinforce a clear-cut profile and positive image.

However, Reemtsma does not plan to intensify the volume of advertising of its top brands. There is always the danger, as one executive put it, of "overkill through overspending."

Schulemann says that the themes of the advertising will not change, except perhaps in marginal ways, advancing strong arguments about the quality of the products. He believes that the present Peter Stuyvesant advertising campaign, highlighting sporting activity and maturity, has had a positive reaction.

The direct sell

By Feona McEwen

SORTING the mail when the postman called used to be a question of sifting the letters from the bills. These days it is more often a case of wading through unsolicited promotional material, or junk mail as it hates to be called.

Of course some mail is more junk than others—householders without gardens don't want to hear about garden tools in the same way that senior citizens are unlikely to be fascinated by baby clothes catalogues landing on the doormat.

Things are changing fast in the world of direct mail. This growth industry is growing up fast and has lately been seen to be putting its house in order, setting up regulatory bodies and generally giving itself an air of respectability perhaps lacking in the early days when all unsolicited material was regarded as a plague. Increasingly, sophisticated methods of compiling potential customer lists, for instance, mean sharper targeting of mail promotions. Next week, the fifth Direct Marketing Fair in London, the biggest yet, demonstrates that the UK has well and truly caught the American habit and — in case there was any doubt — it seems to be here to stay.

Direct marketing covers a host of client-to-customer shots besides direct mail. Among the 70 or so exhibitors will be representatives of direct response advertising (such as TV and Sunday newspaper supplements), off-the-page Press advertisements, telephone marketing, door-to-door distribution, known in trade circles as the "knock and drop" system. Exhibitors include mailing houses, computer bureaux, creative agencies, printers, envelope manufacturers, specialist direct marketing ad agencies.

Direct mail accounts for the bulk of all direct marketing.

It now stands third in the advertising revenue table behind the traditional favourites,

television and press, and shows a volume growth in the six years between 1975 to 1981 of some 94%, far outstripping the established media. According to the Post Office, to whom it is a major money spinner representing some £100m in postage the full potential is not yet realised. Direct mail accounts for £350m of advertising expenditure.

It is interesting that in the year up to April 1982, some 711m pieces of promotional material fluttered onto doormats of some 19.5m households around the country. This means on average each household received about 0.7 per week or seven pieces in 10 weeks. Signs are that this year's tally will be higher still.

These figures come from the 10 week old Direct Mail Preference Scheme, an organisation set up to aid both consumers (pro- and anti-) and mailers. You go to them if you wish to receive no such mail—your name is then deleted from all subscribers' lists.

Equally, consumers can request literature on specific subjects. "There seems to be no inherent consumer resistance to direct mail but rather to mail that is badly targeted and poorly presented," says its spokesman, David Vickers. In the U.S., where admittedly the schemes are different and have been going some 11 years, the ratio of consumers who prefer to receive against those who prefer not to receive is 3 to 1. So far, the UK scheme reports 9,300 deletions and 520 add-ons.

The Direct Marketing Fair, which takes place at Kensington Exhibition Centre on Monday and Tuesday between 9.30 am and 5.30 pm, is seeking to attract marketing men generally, particularly small businesses for which such advertising, they say, can be highly economical.

Another newly-formed independent body is the Direct Mail Sales Bureau, now in its eighth month, which sells the concept of direct mail in much the same way as the Radio Marketing Bureau promotes radio advertising, but also helps customers put campaigns together, predominantly in consumer markets. "We're aiming to take money away from the mainline press and television media," says chief executive Michael Schlagman. Up to now direct mail—regarded as below-the-line advertising—has been heavily used by clients either themselves or through specialist ed agencies, rather than going through their above-the-line consumer agencies. The tide is now turning and larger agencies are beginning to recognise the need to develop specialist skills in this area along with sales promoting activities.

Also on display at the fair will be the Consumer Location System, which helps mailers identify consumers most likely to be interested in their products or services.

This works by analysis products and services through data from the Target Group Index, thus discovering in which sort of residential neighbourhood its purchasers live.

Anomalies of TV viewing figures

IF recent television talk is to be believed, homes around the country are echoing to the sound of switch-off buttons. Viewers, increasingly disillusioned with programming or enamoured of their VCRs or whatever, are falling out of love with the live small screen—so we are told.

But according to recent research by London Weekend Television's Bernard Bennett, who sits on the Broadcasters' Audience Research Board's (BARB) technical and management committees, the case is grossly overstated. The measurement gap, as he see it, is the result of inadequacies in the present system of audience measurement which BARB acknowledges and is busy remedying. New technological developments—VCRs, remote control, new channels—have complicated an already complicated issue. The matter is under review and more accurate viewing statistics are promised.

Some of the factors influencing the viewing figures include "zapping" (flicking between channels), fast becoming a national hobby often in advertising time; more channels and remote control facilities have encouraged this.

The video cassette recorder boom added further to the confusion. Last year's meteoric growth to around 51 per cent penetrating of all TV viewing homes caught BARB, as one pundit put it, with its trousers down. Originally the system completely failed to register any VCR viewing. These factors even more—like the weather—helped to create the measurement gap in viewing figures.

The truth of the matter, maintains LWT, is that, allowing for such measurement gaps, the average British adult has been viewing a total of 10 minutes less (all channels) per night—which still leaves a sizeable 3½ hours average each night to attract the advertiser.

Nevertheless, the pattern is indeed changing and will do so even more with the advent of cable and satellite TV. This will continue to alter the ratings picture among the major existing channels.

ITV audiences are certainly not as sizeable as they once were and the spread is different, a fact of which advertisers are increasingly aware. Yet, LWT points out, the successes—the right product advertised in the appropriate media—go on. It cites BMW cars, Fostar's Lager, and the Kenbot Chef food mixer.

LWT continues to soothe advertiser nerves by maintaining that the measurement gaps account for at least 25 to 33 per cent of the drop in viewers and this is largely artificial. The drop should be rectified it says when the technical solutions to audience measurement have been found and implemented.

Feona McEwen

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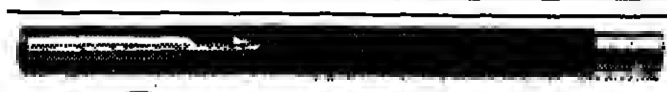


THE ARTS

New York City Ballet/Clement Crisp

The peerless legacy of George Balanchine

As George Balanchine's life ebbed to its close at the end of April the artists of his company seemed determined to proclaim the undying power of his ballets. The New York City Ballet opened its 78th season in the days just preceding his death, with performances of such masterworks as *Concerto Barocco*, *Symphony in C* and *Divertimento No. 15* that were magnificent—Balanchine's quest for an American classic ideal beautifully realised in them.

At the matinée immediately following the choreographer's demise, *Kammermusik No. 2* was given with a rigorous force that told not only of his dancers' determination to honour his work at a moment of intense grief, but even more poignantly of the possibilities of the academic language as extended and illuminated by Balanchine's genius.

In a brief curtain speech before the matinée, Lincoln Kirstein, architect with Mr Balanchine of this peerless ensemble, said very simply: "I don't have to tell you that Mr B is with Mozart and Chaikovsky and Stravinsky. I do want to tell you how much he valued this audience, this marvellous audience. . . . You kept us going for 50 years, and will for another 50. One thing he didn't want was for this to be *interrupted*. We *will* proceed."

It is an essential fact of Balanchine's work that we may everywhere see signs for the future, indications of the potential of the *danse d'ecole* which his heirs understand. The logic of his choreographies, *that* sense of ordered progress which is the armature of his creativity, holds every hope for the future of his company.

The interpretations of *Concerto Barocco*, of the Bizet *Symphony* and the Mozart *Divertimento*, showed NYCB at its most lustrous, dancing with a bravura which is ever sustained by formal dignity. And how piercing, because sprung entirely from the music, the theatrical effect of this dancing. The pure track of the movement is like sublime geometry as, in the slow movement of the Bach concerto, Sean Lavery partnered Heather Watts, then left the stage as Kyra Nichols entered to traverse the dance area in a diagonal, her appearance a thematic response to his departure. The two women united briefly as the twin voices of the violins moved on, then Mr Lavery returned to Miss Watts, and Miss Nichols left. Divine simplicity; absolute rightness; music seen.

In the Bizet *Symphony*—with Suzanne Farrell grandly impetuous in Peter Martins' arms during the adagio—the dance was refracted through the score, and the physical crescendo of the finale, with its 52 dancers marshalled in glittering squadrons of joyous energy, was like a drill-parade of angels. In *Divertimento No. 15* the variations for its five ballerinas—Elyse Borne, Maria Calegari, Lourdes Lopez, Kyra Nichols and Stephanie Saland—were exquisite and true as characterisations of womanhood as any aria from a Mozart opera. If Fiordiligi or Donna Anna or Zerlina danced, it would be thus.

In other works on view in these programmes, especial interest attended the first NYCB appearances of Valentina and Leonid Kozlov, who quit the Bolshoy Ballet during its Los Angeles season in 1979 and have this season joined City Ballet. The autumn section of Jerome Robbins' *Four Seasons* served for their attractive debut, the ecstasies and racings of the bacchanal an apt setting for their Muscovite manner. In the other variations, Kyra Nichols and Daniel Duell as Spring, Stephanie Saland and Joseph Duell as Summer, Lisa Hess, Peter Frame and Paul Boos as Winter, were admirably, wonderfully good.

A Robbins' piece new to me was the *Chamber Works* made for last year's Stravinsky Festival. Using five short scores—the Septet, Ragtime, the concertino for 12 instruments linked with the three pieces for clarinet solo, and the Octet—Robbins provides dances by turns plotless and jovial.

The jokes in the *Ragtime* for Heather Watts and Bart Cook are matters of jazz-age speed and Poiret-dressed eccentricities; in the Octet, four men appear as acrobats indulging in merry games and, swathed in black draperies, suddenly turn into antic ink-blots. The most impressive section is the trio for Maria Calegari (newly-promoted principal, and blossomed into a major artist), Sean Lavery and Mel Tomlinson, using the concertino and clarinet pieces, whose final solos draw succinct and haunting portraits of three exceptional performers.

Sean Lavery was also exultantly brilliant in John Taras' *Souvenir de Florence* which I admired during the 1981 Chaikovsky Festival. A ballet of sometimes Chekhovian moods, it received dancing of superb assurance and understated but telling sensibility from a large cast.

★

And to tell more about the future of NYCB there were the annual performances by the School of American Ballet, NYCB's nursery, at the Julliard Theatre. Each year this is a *show-case for young aspirants*, for new choreography and the revival of works not in the current company repertory.

Peter Martin's *The Magic Flute*, Joseph Duell's *Creation du Monde*, were originally seen at School performances. Last year Helgi Tomasson made his first choreographic essay there, and now he has created a much more assured divertissement to Messager ballet music (numbers from *Isoline* with the addition of two dances from *Les Deux Pigeons*). This *Ballet d'Isoline* is clean in craftsmanship and, naturally enough, strongly influenced by Balanchine. What better model, what more attractively youthful dancing, could one wish!

This year's crop of boys is full of talent: Peter Boal, Michael Byars, Pablo Savoye, and Joseph Marlbrough (who led an ebullient performance of *Western Symphony* later in the programme) are very promising, and in a male quintet Mr Tomasson paid tribute to the elegance and technical clarity of masculine training at the School.

The Glinka *Valse Fantaisie* which Balanchine made in 1967 was well danced by Zippora Karz and Michael Byars, and as testimony to SAB's continuing concern with the Bournonville school (itself an important contributory factor to the training that Balanchine received in Petersburg) the *Kermesse in Bruges* duet was produced by Stanley Williams.

And to make an Englishman in New York feel at home—especially one used to the Royal Ballet School's annual shows—a group of traditional dances were staged by the RBS's Ronald Smedley and Bob Parker. They were given alert, bouncy performances, and in a minuet the young Edwin Mota and his partner showed such seriousness and distinction of manner that for once the dignity of this aristocrat among dances was not minimised.

The New York City Ballet is scheduled to appear at Covent Garden between August 22 and September 3 at the start of a European tour which will take the company also to Copenhagen and Paris.

Stephanie Saland with members of the cast of Divertimento No. 15

The Trojan War Will Not Take Place Lyttelton

Michael Coveney

Christopher Fry's version of Jean Giraudoux's *La guerre de Troie n'aura pas lieu* (1935) is better known as *Tiger at the Gates*, a title that is both neater than the literal translation and taken from the opening doom-laden dialogue between Andromache and Cassandra. Hector has returned from battle, but Troy's uneasy peace is under siege.

In pre-war Europe, the tiger was certainly restive at the gates, but the play never surfaced in England until 1955, when Tynan pronounced it "the final comment on the superfluity of war and the highest peak in the mountain-range of modern French theatre." That judgment, on the evidence of Harold Pinter's flaccid National Theatre production in the Lyttelton appears both quaint and over-generous.

I once saw an amateur production at the Minack Theatre in Cornwall, an imposing little arena marked off by huge stones with the sea as a natural backdrop. It was the perfect setting. The Trojan ramparts and terracing of Eileen Diss's design have, perforce, a more contrived feel to them, but sufficient monumental impact to contain both the serious moral debate and its charade-like ornamentation.

The war veteran Hector has seen enough of war to disdain its inevitability in the fabric of men's conduct. The problem, *though*, is that Helen has been snatched from the sea and the Greeks by Paris. Hector wants to shut the city gates, appease the wrath of the approaching Greeks by welcoming them and tolerating a few insulting skirmishes, before handing back Menelaus's beautiful wife.

A haggardly, silver vision of Peace drifts on to undermine Hector's chances of success, but the plot continues with the arrival of the drunken Ajax and the cynically wise Ulysses to precipitate the conflict. They do so, after all the talking, in an accidental fashion, and after Hector's claim of sexual purity between Paris and Helen has been apparently disproved by the testimony of one of his own sailors. A second vision, Iris, descends on her rainbow to give the gods' view of petty human strife.

None of this strikes me as comic or as resonant as, say, the *Orestes* or *Helen* of Euripides, a much more incisive satirist than either Giraudoux or Fry. Nor does the discussion of ethical and moral issues of the contemporary state in the disguise of classical antiquity carry the excitement or pressure of Anouilh's *Antigone*.

One of the main problems in this production is the colourless interpretation of Hector by Martin Jarvis, a brisk and usually fine actor who conveys little of anguish or ravaged experience in the great set speeches. His bitter oration for dead warriors is as blankly delivered as his side of the debate with Ulysses. Barry Foster's Ulysses, on the other hand, provides some sinuously varied prose speaking; he finds bite and rhythm in Fry's stilted but carefully phrased language.

The first entrance of Nicola Pagett's Helen achieves the desired effect of taking your breath away. She is a stunning, ambiguous enchantress, poised delicately between planes of destructive flirtatiousness and inexplicable mystery. After the seductive toying with young Troilus (Julian Firth), she gives the kiss intended for him to the hypnotised Paris (David Rintoul) and then immediately recoils with a glacial shudder. The performance is full of such subtle embroidery.

The production as a whole, however, never recovers from the ponderous, emphatic pace of the opening scenes. I find nothing here of what Tynan described as "majestic gloom and crystalline wit." Brewster Mason's Priam is a solid patriarch, Ronald Hines's international lawyer a nifty study in hypocritical pragmatism, Derek Newark's Ajax a mercifully boisterous drunk. But everyone else stands around in the soft colours of Robin Fraser Paye's costumes looking bemused and slightly awkward.

Some high class dissonances have been composed by Harrison Birtwistle and the fine lighting is by Mick Hughes. But the play's thesis (or rather Ulysses's) that war is an endemic and predestined fact of conduct between nations sparked off by the unpremeditated interference of hostages to Fortune remains a cerebral argument unactivated by emotional frenzy.

Nicola Pagett and Martin Jarvis

Mitridate, Re di Ponto/Schwetzingen Festival

Andrew Clark

It is difficult to imagine a more persuasive case for early Mozart opera than the Zurich Opera's new production of *Mitridate, Re di Ponto*, which has just opened this year's Schwetzingen Festival. The remarkable talent of the 14-year-old prodigy does not require special pleading now, any more than it did in Milan in 1770, but the extremes of Italian *opera seria* do need an inspired touch if the genre is to make an appealing case on stage.

The structure of *Mitridate* conforms strictly to the rules. The plot, tracing the usual trials and longings of regal stereotypes in the safely distant classical past, boils down to a father and two sons squabbling over a woman. With the statutory happy ending, it serves as a convenient vehicle for the music which, apart from one sublime duet at the end of Act II, is strung along an evenly-proportioned line of aria and recitative. Within these limits, however, Mozart's handling of the music is more than just a clever copying of the style of the day.

His facility at conveying emotion through the orchestra is already well pronounced. The best examples are Sifare's Act II aria "Lungi da te, mio bene." which has a beautiful horn solo, and Mitridate's dismissal of Aspasia, also in Act II, where real fury bristles through the strings. Mozart's shaping of the words, in both aria and recitative, is also dramatically inspired, as this performance confirmed; but it never detracts from the ease with which the composer shows off the vocal abilities of his cast.

Aspasia's soprano arias, in particular, are fiendishly difficult, and the role of Mitridate, originally written for a freak tenor who lacked the agility for *fioriture* but could easily cope with gigantic leaps through a three-octave range, also requires exceptional vocal skill. It is all enjoyable music, but there is a very thin dividing line in performance between it sounding brilliant, or a mess.

Given one or two minor qualifications, the Zurich cast pull off the feat with heartening bravura. Yvonne Kenny's lovely Aspasia preserves her distinctive tone through all the exhibition pieces, and elsewhere she draws some feminine, even seductive, qualities from the role. Given the genre, these are no mean achievements. The role of Sifare, originally one of three for castrato, is sung by Ann Murray, in a performance that once again demonstrates her versatility and professionalism. Her pianissimo entries were immaculate, and I found her scenes with Miss Kenny the most touching of the whole evening.

Gösta Winbergh made a brave attempt at the title role, to which a *tenore di grazia* is not well suited. Is there, though, a tenor today who could conquer this part? Julia Hamari and Elizabeth Gale offer distinguished contributions as Farnace and Ismene; Arbate's single aria was left out, but Annette Küttenbaum makes a pleasing impression.

Musically and scenically, Nikolaus Harnoncourt and Jean-Pierre Ponnelle have matched the standard of their *Lucio Silla* and *Idomeneo*. The orchestra is sensibly reduced from Mozart's original 60 players to 35 (including double woodwind and three horns, and a much less prominent part for kettledrums); everything is imbued with Harnoncourt's characteristic clarity and energy, and it is largely his achievement that the evening retains its interest.

Ponnelle's stylish production includes some well-judged comic relief, and dramatises several scenes by prefacing them with a pregnant silence. It is less psychologically-oriented than usual, largely on account of the material, but also because of the limited space afforded by the intimate court theatre at Schwetzingen.

Yvonne Kenny as Aspasia and Gösta Winbergh in the title role

Swan Lake/Covent Garden

Clement Crisp

Swan Lake, undammable, undrainable, will draw full houses wherever it is played. And better the Peter Wright/Galina Samsova recension for Sadler's Wells Royal Ballet than almost any other I know, by reason of its potent romantic melancholy—the drama here shown in some haunted Bohemian fastness—and its neat meshing of the dramatic action.

That the production provides a proper framework for a strong ballerina performance was stressed on Tuesday when Marion Tait was seen as Odette/Odile, with Alain Dubreuil as her doomed lover. Miss Tait's Odette is touched with a real dignity. The dance is shown with commendable purity of means, the choreography everywhere respected, and unflustered by mannerism, and the characterisation that emerges has a propriety, a directness that is very attractive.

This is not a Swan Queen of impassioned lyricism; rather does the role grow in stature through Miss Tait's willingness to phrase in clean spans of movement and use her natural physical voice—a kind of mezzo-soprano with an underlying dark timbre—to sing of Odette's plight.

She was fortunate in that the otherwise hectic, gabbled tempi adopted by the conductor, Bramwell Tovey, for the first lake-side scene were abated for the pas de deux and Odette's solo. The cygnets, the swan maidens at their entry, were brought on at a brisk trot, and won our approval for sheer fleetness of foot. Poor Chaikovsky was nowhere honoured: it would be a salutory experience for all concerned to hear the expansive, loving way in which Yevgeny Kolobov and the Kirov orchestra demonstrate their understanding of the score's riches.

Miss Tait's Odile was a bold and imperious creation. There were no hesitations, no half-measures in the interpretation: evil triumphed through the demonic momentum of her dancing, and Alain Dubreuil's intelligent, well-reasoned Siegfried stood not a chance. In sum, an admirable performance, with the drama given full emotional life. Incidental pleasures included the three princesses in the ballroom act—Sherilyn Kennedy, Karen Donovan, and the buoyant, darting Sandra Madgwick—and the enthusiasm of the entire cast.

How well the Sadler's Wells artists respond to the challenges of this staging, and how well it shows them off.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

May 6–12

Exhibitions

PARIS

Claude Gellée or Le Lorrain (1600-1682), as his name indicates, was born in *Lorraine but spent his* creative years in Rome. He was a painter of luminous landscapes and a poet of the sea. He influenced Turner and Monet and was admired by Goethe and Keats. His love of nature charmed the English, yet his compatriots failed to appreciate him fully. Thus many of the oils, drawings and engravings in this exhibition, significantly organised on the initiative of the National Gallery of Washington, will be seen for the first time in France. Grand Palais. Closed Tue. Ends May 16 (2603926)

Edouard Manet: An exceptional retrospective marks the 100th anniversary *of the artist's* death including Olympia, the Bar at the Folies Bergeres, Nana and Dejeuner sur l'Herbe. Paintings, which at the time created such a scandal, are now seen as classics in the tradition of Franz Hals and Velasquez, whom Manet revered. Yet at the same time they are a homage to one of the first impressionists and a pioneer of modern art. Grand Palais, April 16 – August 1, closed Tue., Late night Wed till 10pm (2615410).

WEST GERMANY

Cologne. Rautenstrauch-Joost *Museum:* The only German venue of an exhibition featuring 2,000 Mexican wooden dance and death masks. Also Pre-Columbian objects on loan from the Instituto Nacional de Antropologia e Historia in Mexico City. Ends May 15.

Hanover, Kestner Gesellschaft, 18 Warmbüchenstrasse: The complete graphic work of Oskar Kokoschka, the Austrian expressionist, carefully *guarded against daylight so as not* to damage the delicate water colours and drawings. Ends May 15.

Cologne. Wallraf-Richartz-Museum, An der Rechtsschule: Irish art of three thousand years comprises virtually all Irish national treasures on loan from the Irish National Museum, Trinity College, Dublin, and Irish Academy of Sciences. Manuscripts, relics of Irish Saints and utensils from the workshop of Irish monasteries; silverware; and gold and silver jewellery. Ends June 2.

Mainz, Mittelrheinisches Landesmuseum, 46 Grosse Bleiche: In honour of the year's 500th anniversary of *Martin Luther's birth*, the museum is showing original drafts, documents, models and photographs recording the conception and realization of a number of public memorials to the great reformer in the 19th century. Closes at the end of May.

Bielefeld, Kulturhistorisches Museum, 61, Welle: Graphics, Coal drawings and sculptures by Otto Pankok, the German artist banned under the Nazi regime. Ends May 23.

Berlin, Staatliche Kunsthalle, 44–46 Budapester Strasse: Heinrich Vogeler retrospective containing paintings and drawings by the German artist (1872 to 1942) as well as furniture, china and silverware designed by him. Ends June 5.

Berlin, Bauhaus Archiv, 13–14 Klingelhöferstrasse: eighty oil paintings from between 1928 and 1982 by Georg Muche, the German Bauhaus teacher, now aged 88. Ends June 12.

Hanover, Kestner Gesellschaft, 16 Warmbüchenstrasse: 200 oil paintings, water colours, collages and drawings from between 1949 and 1982 by Peter Blake, the British painter. Ends June 12.

Düsseldorf, Kunstpalast, 5 Ehrenhof: German 20th Century Art has works chiefly from the 1920s and 1930s on loan from the American Busch-Reisinger-Museum. Ends June 28.

ITALY

Venice, Museo Correr: Eighteenth century engraving. Ends June 5.

NEW YORK

Metropolitan Museum of Art: Those overwhelmed by the sheer volume of art at the Vatican will much appreciate the present loan of 230 choice pieces, including the Apollo Belvedere, Caravaggio's The Deposition and even modern pieces by Matisse in what the museum is calling its show of a decade. Ends June 12

Whitney Museum: Films and videotapes by 30 artists highlight the *62nd Biennial for American artists*, including Frank Stella and Jasper Johns among the 76 artists represented by 124 works. Ends May 22.

CHICAGO

Museum of Contemporary Art: To complement the museum's self-appointed *task of documenting* American unschooled naif painters comes an exhibit of 47 unschooled German painters of the 20th century, among them Adalbert Trillhaase, the Bible-painting clerk who inspired Düsseldorf realists early this century. Ends May 22.

VIENNA

Hermes Villa, Lainzer Tiergarten: Heinrich von Ferstel – buildings and projects for Vienna to commemorate the centenary of the birth of the architect whose projects, realised and unrealised revolutionised the architecture of his time. The architects of the Votivkirche in Vienna is renowned not only for his "modern" designs but also for his use of new techniques. His steel constructions, often with a variety of costly stone, marble and bronze and his imaginative cafes, restaurants and private villas remain as witness to his rich talents.

BRUSSELS

Royal Palace of Laken's Greenhouses. Annual opening of the royal plant collections. Friday and Saturday evening visits are floodlit. Ends May 15.

Palais des Beaux Arts: Venetian drawing of the 18th century. Tiepolo, Piazetta, Piranesi, Guardi, Canaletto.

Societe Generale de Banque: 100 years of glass in Europe. Ends May 20.

Kredietbank: Young artists of Flanders.

Musee du Costume et de la Dentelle: From Worth to Chanel.

Theatre National (from 6pm to 11pm): British posters 1890–1980.

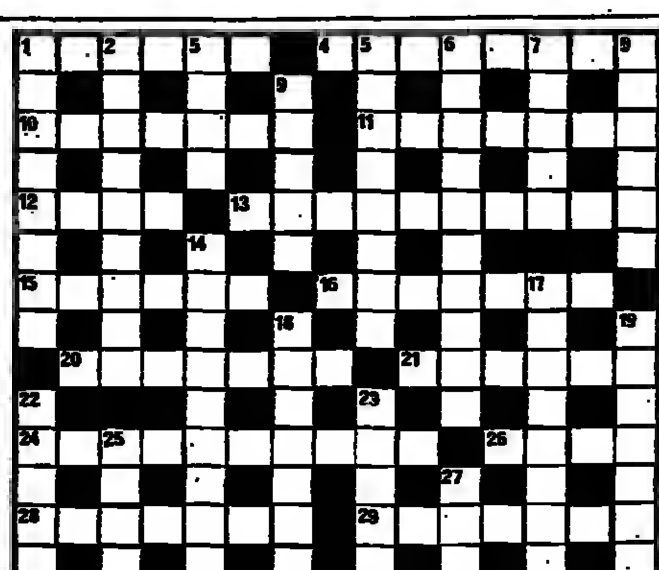
F.T. CROSSWORD PUZZLE No. 5,169

ACROSS

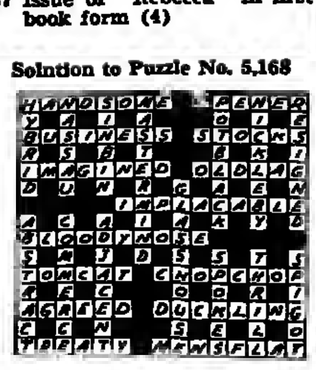
1 Red-skinned American woman (6)
4 Boy about at that point when he is ready to begin shaving (8)
10 Newcastle O —— left behind in the Milk Cup? (7)
11 Undercooked morsel from Wales? (7)
12 Celebrated pottery? (4)
13 He has the freedom of his city one night in seven (10)
15 Western Australia in Oval upset—declaration should follow (6)
18 Most-booed player of football team at home (7)
20 Lively party in Nether Wallop? (7)
21 Trouble affecting jogger—irritation on street (6)
24 Grand pitch-setter (5-5)
26 [illegible] liked in Bath (4)
28 French local variety of grebe, gold-capped (7)
29 Till-worker turning his acre over (7)
30 Like Lear's lines, difficult to understand (8)
31 His Nathan Detroit to hold the stage over there (6)

DOWN

1 The charm of Sir Walter Scott (8)
2 In stomach disorder, one should keep subject dry (9)
3 Second person of five hundred? (4)
5 A cryptographer's ruse of simply taking initial characters (8)
6 Blanket cover-up? (5-5)
7 Teacher's pet detailed (5)
8 Making appointment for some concordat in Greece (6)
9 Writer revealing his sources? (5)
14 eg beef and Yorkshire pudding for a long sail (4-6)
17 Like Manchester Derby or Manchester-Derby? (9)
18 Lustre goes off about tea-time—they are only small flowers (8)
19 Third party neither wanted nor cheap, perhaps (8)
22 Damage to joint? I am out of aspirin, unfortunately (6)
23 The very fish for the rod (5)
25 Old England's banal order (5)
27 Issue of "Rebecca" in first book form (4)



Solution to Puzzle No. 5,168



FINANCIAL TIMES

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Thursday May 12 1983

Reform of the EEC budget

PROPOSALS for e reform of the EC budget made by the European Commission are a small step in the right direction. That is true not only from a British viewpoint, but in the interests of equity within the Community. The need for something to be done was stressed again by yesterday's warning from the Commission, issued with proposals for the 1984 budget, that the EEC is in danger of running out of money.

The present system is slanted beavily towards the needs of farmers and peasants. The Common Agricultural Policy swallows up two-thirds of EEC revenue. That revenue is raised from member states with little regard for their ahility to pay.

Share

There are three sources of revenue: customs duties on imports from outside the Community, which have declined in importance with the reduetion of tariff levels; levies on foodstuffs imported into the Community; and e payment equivalent to the yield of an added value tax levied et a rate of 1 per cent.

Only the last of these three sources of revenue bears any relation to the wealth and ability to pay of individoal member states. Similarly on the expenditure side, there is only a tenuous link between need and Community disbursements.

There may bave been a sort of rough justice to the excessive share of the Common Agricultural Policy in the 1950s and early 1960s, wben industry could be equated with wealth. Nowadays that is no longer the case: Denmark and the Netherlands with above average farming sectors are among the wealthiest members of the EEC. They are also among the net heneficiaries of the transfers of resources effected by the workings of the budget.

Those workings have been summed up in a slightly cynical rule of thumb which says that, to become a net beneficiary, you must allow your share in Community farm surpluses to exceed your share in Community domestic product. That is neither sound economics nor, ultimately, calculated to sustain a sound agriculture.

Elements

To achieve a better balance, both expenditure and revenues need to be reformed. The imbalance of expenditure has been under attack for some years. Spending on regional, social and energy policies bas been growing steeply, but from a very low hase. In its proposals of May 5 the Commission set a target by which the CAP would aosorb ooe third of Community epending instead of the present two thirds.

It also proposed a new formula under which CAP costs exceeding the magic one third would be charged to members according to their gross domestic product per capput and their share in Community agricultural production. In other words the proposal makes a small concession, which eventoally may prove significant, to the principle that the burden shall fall on those who can afford it. It also applies the principle that those who produce surpluses shall pay for them more heavily than those who do not.

Both elements are all to the good. Reform of the CAP to get spending under control must be the highest priority. But it would be naive to believe that the structure of the budget can be put right exclusively at the cost of the beneficiaries of the CAP, be they individual farmers or nations with a strong farming community. There also must be an attack made from the other wing hy laying increasing stress on other Community policies.

Policies need to be sought out that are best pursued at the level of the Community, rather than at national level. Doing so requires e willingness to bring abont a transfer of resources from the richer to the poorer members. It does not mean the pursuit of expenditure for its own sake, though more money will be needed.

Balance

To get it, the Commission wants to alter the rule that limits the VAT-related levy on members to a rate of 1 per cent. Doing so will require ratification by all member states, though the Commission wants subsequent changes to be possible upon the unanimous agreement of the Council of Ministers and a three-fifths affirmative majority in the European Parliament. Those qualifications should be enough for all but the most suspicious critic of supranationalism. The Commission deserves e sympathetic hearing when it calls for that money—always provided that it is clearly understood thet the funds are to serve a more constructive purpose than merely plugging holes which the CAP is tearing into Community finances.

Equally, e hudget reform designed solely to reduce the British net contribution to Community finances—however justified British demands for refunds have been and still are—is not by itself enough. The objective must be a better balance between policies and greater equity for all members. Only if those criteria are respected is there a case for supporting the Commission'a wish for more revenues.

Gaffes are back in season

THE GOVERNMENT, in its unseemly baste to call an election, bas stepped smartly ooto a small banana skin, thoughtfully placed by Mr Peter Shore. The timing of the poll has cut short the tedious but necessary process of considering the Finance Bill in detail—a ritual which Mrs Thathcer berself used at one time greatly to relish.

Measures must be passed on the nod, or the flow of revenue might stop, and that requires the co-operation of the opposition; they have rather naturally refused to nod at a handful of measures which they fiod particularly distasteful, and which they would in any case repeal should they win office.

Consequences

The sight of senior Ministers rushing to the television studios, to assure any higher-rate payers who happen to be watching that everything will go on as if nothing had happened, is simply comic. Unfortunately it is not quite true; some marginal concessions on capital taxation will be lost in good earnest to anyone who is unlucky enough to die before new legislation can be brought in by a new Conservetive Government, or who has already made a transfer in the mistaken belief that Mrs Thatcher would indeed soldier on.

The sums involved are not large, but a few people will be justifiahly angry. They mey be tempted to blame the Opposition, hut it was the Government that cbose to go to the country at this time. It is left not with the hudget it planoed, but with something a little like the "caretaker" budget Mr Healey introduced to clear the way for a May election in 1979. On thet occasion, bowever, it was the Opposition that wrote the timetable.

Some of the consequences of the Government's haste will not be quite so trivial. For example, the Prime Minister, as a consequence of ber own timing, may have given offence to ber staunchest international friend, President Reagan. Her cancellation of a visit to Washington is understandable, but her indecision over the Williamsburg summit is distressing to the President and she really ought to make her mind up to go. Most past Prime Ministers would bsve jumped at the chance to confer at top level during a campaign. Whether her present doubts are read as showing that she regards the President's carefully-prepared meeting as unimportant, or simply that she cannot trust her colleagues to run the campaign for a couple of days, it can do her little credit.

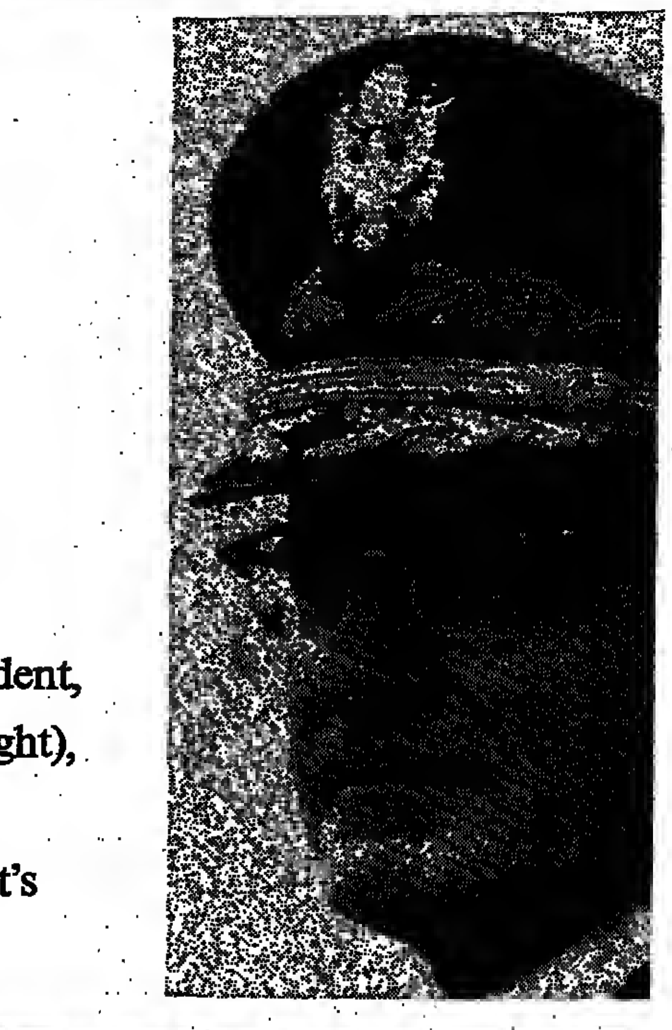
Programme

Offending an ally is not a trivial matter; hut the really serious qnestion which will be answered shortly is whether the Government is ready to campaign on a thoroughly well-prepared programme for the next Parliament. Wrong-footing the Opposition (in more senses than one) may be a good tactical ploy, but if the result is to hobble the next government with a vague and half-digested set of proposals, the price would be high. However, we will not allow the Government's own haste to rush us into judging this question ahead of the evidence.

THE DEFENCE OF EUROPE

Day 'X' and the nuclear weapons trap

Bridget Bloom, Defence Correspondent, interviews Gen. Bernard Rogers (right), Nato's Supreme Commander in Europe and a key figure in the West's defence debate



FOR months now, in speech after speech ecross Europe and the U.S., General Bernard Rogers, Nato's suprema commander in Europe, bas spoken chilling sentences like these: "We have mortgaged our future to the nuclear response." "We have built ourselves a short conventional war." "We will have to resort fairly quickly to the use of nuclear weapons if the Soviet Union attacks with conventional forces."

The most recent occasion was only last Friday, when he summed up after a two-day conference attended, at his military headquarters near the Belgian town of Mons, by an impressive array of Neto's top commanders and national defence chiefs.

Roger's first public address on the theme was given in early 1982 to a military science conference in Munich. His office at Shape — Supreme Headquarters Allied Powers Europe ?reckons that in between, be has made some 35 other speeches and given 53 major press interviews and 12 press conferences, all on the same theme.

In the increasingly controversial defence debate in the West, Bernard Rogers is now a key figure, controversial in his turn and demanding attention. For in his dual role as Saceur—the allied commander in Europe—and commander of the 300,000 U.S. forces there Rogers is tha single most powerful military figure in the western alliance.

General Rogers' message, though he complains it is misunderstood in certain key details, is stark. It is that unless the western alliance improves its conventional forces, Nato will have to use nuclear weapons in central Europe "within days, not week" to try to stop e Soviet conventional attack.

Last week, in a long interview in his office et Shape, he explained why be felt Neto was in this dangerous position and what it should do abont it. He spoke about Nato's weaknesses and about how new high technology weapons, already being developed by European as well as U.S. companies, could strengthen the alliance's conventional forces, raising the threshold at which nuclear weapons would be used. He reflected on how Europe's minority governments, and clumsy American attempts to thrust its new tactical concepts on Nato, could undermine alliance cohesion.

To do what he suggests would mean sacrifices—an extra £10 a head for everyone in Britain this year, for example, Roger said. If people were prepared for that kind of sacrifice "we could get to a point where we have a chance of frustrating a conventional attack." If they were not, then for the military it would be "business as usual. We have a delayed trip wire and we are going to have to resort to the use of nuclear weapons if attacked . . . that's the people's decision, as things stand now."

As the servant of an alliance of 16 independent nations, Rogers would operate in wartime under strict political guidance. "Under that guidance I, as Saceur, must request the use of nuclear weapons before we lose the cohesiveness of our defence. That means before yon run the risk of baving a major penetration in any region," Rogers says.

He describes two Nato weaknesses which could lead to such a Soviet conventional breakthrough along the narrow central European front. He makes light, publicly, of the first: that allied troops will not get dug into their "general defensive positions" in time, which could happen either because there is not enongh warning of an attack from the East, or because Nato's politicians fail to agree in time that the enemy should be engaged.

He says it is Nato's ability to sustain its defence which worries him most. "With sufficient time to get our troops . . . dug in and ready to go, I am sure they will conduct themselves extremely well. Our problem is a lack of sustainability.

"Our three main shortfalls after D plus X Day will be when we've run out of ammunition, manpower in some instances and prepositioned war reserves—weapons systems, tanks and so on." Rogers refuses to put e figure to "X," the particular day following the outbreak of war when under his current guidance nuclear weapons would be used. "That one is classified." Later in the interview he said it would be "days not weeks"—but not as little as two days, as some semi-official U.S. briefings have suggested.

Rogers' request for the authority to use nuclear weapons in time of war goes simultaneously to national Ministries of Defence, to their ambassadors in Nato and to the U.S. and Britain, the two Neto nnclear powers wbo take the ultimate decision. "My request covers what weapons we intend to use, what size warheads we would have, the specific targets wa would intend to hit and any collateral damage . . . I constrain myself on collateral damage—the size of e warhead, for example, in any built up area."

He makes clear that more than a warning shot, for example with short range nuclear artillery shells, would be involved in the attempt to break e Warsaw Pact advance. "I am talking about weapons systems that could reach into non-Soviet Warsaw Pact nations. I could request hitting some targets in the Soviet Union, under certain conditions—conditions that are spelled out. I'm not talking about hitting population centres. Targets must be militarily significant, not only to the other side, but to us."

Rogers has no authority outside that given by Nato'a elected leaders to release nuclear weapons—"nor should I have," he adds. But as e military commander he disliked a situation where Neto had to bear the burden of using nuclear weapons first, while he was afaid that Nato was "so outnumbered" by the medium range nuclear weapons that the Soviet Union could use in Europe that its initial attack could provoke a "devastating response."

Rogers said he was aware of the "fine line between talking down your own and overplaying the other sides' capability." But, he edded: "I have heen convinced ever since I was a young pup that you have to tell the people just as it is and not delude them . . . if the people are satisfied with what is really a delayed trip wire—its delayed X days—then fine. But if they're worried ebout a conventional attack coming, worried about the use of nuclear weapons which could escalate . . . then the question yon have to ask them is—are you prepared to do something about it?"

For General Rogers doing something means at least three things. He wants to improve Nato's conventional forces to make them e more efficient deterrent — to make war of any sort less likely. "I don't want to fight a war. You only have to be in combat for five minutes to know its a stupid way to do business." But if war comes he wants to raise the threshold at which nuclear weapons would have to be used.

However, no idea Rogers puts forward envisages changing Nato'a strategy of ultimate reliance to deter war on e mix of short, medium and intercontinental range nuclear weapons. He is clearly in favour of a policy of no early use of nuclear weapons, but he does not believe Neto should give up the option of first use "because that option, plus the uncertainty, plus retaining an adequate array of nuclear weapons through the spectrum is what will keep the Soviets deterred."

There are two key aspects to the Rogers plan. First, Neto must do better with what it has, or plans to have. Rogers says that currently, for example, member countries meet only 70 per cent of what they term their force goals — a panoply of military objectives including training and manning and the modernisation of equipment. These originate in national capitals and are reviewed and agreed every two years within Neto.

To meet these targets, Rogers says, would mean e real increase of 4 per cent a year in Nato budgets rather than the pledged — and largely unmet —3 per cent target.

Much more controversial is Rogers' plan to use new high-technology weapons to give Nato tactical edvantage on the central European front. Here, Rogers reached for a diagram to explain Soviet tactics, and his proposed Nato reply. He explains bow, partly in response to Nato'a threat to use nuclear weapons, Soviet forces are "echeloned" back from the inner German border into e first and second front and e "theatre reserve" in the western USSR. Western tactics, in addition to stopping a breakthrough by the first echelon, should be to interdict the second and third echelons deep in the rear.

Currently, static targets like airfields or bridges and mobile ones like tank regiment reserves could only be hit deep in the rear areas by manned aircraft — a difficult task, given increasingly sophisticated Soviet air defences. What was needed were new weapons systems which could be fired from long distances eway and with great precision, Rogers said.

Rogers said that Nato's ability to "see" such targets was getting hetter all the time, while new weapons were already being developed. He described tests of a new missile which hsd such accuracy "thet its warhead explodes and opens up right over, say, a company of tanks, and it has 30 submunitions in it. Each one of those little submunitions has the capahility in today's technology to seek out an individual tank and no two of them can go to the same tank. They hit the tank in its most vulnerable part, right on the top.

"It takes money to huild that kind of weapon system but the expectation is that 20 out of those 30 will hit a tank. You know, that's a cost effective weapons system when you consider what you're doing."

Nato has been discussing the Rogers plan for the last 18 months and he hopes that initial military requirements will be formulated this summer. But many European commanders and politicians, acknowledging that it contains good ideas, are suspicious of its origins. At Shape last week, a senior defence chief privately, but bluntly, said he thought the U.S. defence industry was hehind the emphasis on new technology, a view quite widely shared by European companies as well.

The U.S. army is also advocating similar tactical concepts, and some European officials suspect that the U.S. Government is intent on changing Neto's strategy, undermining, for example, the key commitment of the forward defence of West Germany.

Rogers meets these criticisms head on. "I don't give a damn where the weapons systems come from," he says, noting that European industry has its own high-tech capability and suggesting European and U.S. industry could agree to specialised roles in the production of the new weapons.

Yet be admits that there is hostility and suspicion in Europe and blames the U.S. for it. In particular, he says that the U.S. Army's new hattla concepts, enshrined in a document called Air Land Battle 2,000, have caused great confusion in Europe. "It got so bad last October that I had to send a message to the ministers of defence and foreign affairs pointing out that we're not implementing ALB 2000"—a futuristic document which, with its global responsibilities, the U.S. Army is right to produce, Rogers says. "But Air Land Battle talks about a pre-emptive attack. Well, not in allied command Europe, you know. We're not going to have a pre-emptive attack."

Rogers also criticises Mr Caspar Weinherger, the U.S. Defence Secretary, who last December presented a paper to his colleague Nato defence ministers on the emerging technologies — dubbed "ET." Seeing this paper coma ont of the Department of Defense "our allies over say, uh huh, the U.S. is pushing too hard. That worries me, too."

Asked whether he relays these criticisms to the relevant U.S. officials, Rogers replied: "You're damn right I do."

Rogers' job—held before him by General Alexander Haig and General Eisenhower, among others—is clearly not purely a military one. But is it his place, as Saceur, publicly to take what is ultimately a very political stand? Shouldn't that be left to Neto's politicians?

Cautiously, Rogers began to develop what seems to be the thesis that is the centre of his worries. "I am e soldier assigned to a political mission, to do what I can in the deterrence of war. I feel it incumbent on me to try to get opinion leaders and nations where political leaders can't or won't lead — because of minority governments—to see the dangers that exist."

Britain did not have a leadership problem, but in other countries leaders often could or would not speak out. "If those others who bear the responsibility, and I do, don't tell people where we stand, what we need and what the sacrifices are—who else is going to tell them?"

Rogers—a post-war Rhodes scholar, and veteran of Korea and Vietnam, who has just been appointed for a further two years in his current posts in Europe—then added revealingly: "My major concern, and I am not alone, is that we'll wake up and find the military situation is no longer manageable and we are blackmailed, coerced and politically intimidated. Now there are senior leaders within this alliance whose concern is identical to mine, but they don't talk much."

Men & Matters

Over the top

Doubts that have arisen since the election announcement about whether Mrs Thatcher will go to the world economic summit meeting at the end of the month have caused Uncle Sam's eyebrows to rise more than a little.

Perhaps it is only one of those passing moments of pained surprise which occur in the best of families. But it is only a few weeks since Mrs Thatcher assured President Reagan, who is to host the summit at the picturesque town of Williamsburg, that she would definitely be attending.

From this, wise State Department officials concluded that the election date would be June 23, comfortably after Williamsburg. Since Monday'e announcement that the election would in fact be on June 9, there has been an uneasy silence from No 10 about who will go to Williamsburg, and this has been dutifully transmitted down the trans-Atlantic wires.

If some U.S. officials form the impression that the UK is becoming rather more insular, it is a view which their relations with Her Majesty'a Opposition have done nothing to dispel. Michael Foot, the Labour leader, has been invited three times in the last 18 months to make his first ever visit to the U.S. for top level talks in Washington. Each time he said he was too busy.

Pay off

The equality of all men dominated the Civil and Public Services' Association conference in Brighton yesterday.

Having complained long and loud all week about the poor pay and conditions of their members, delegates voted overwhelmingly for a review of the superior salaries of the union's full-time officials—members of another union, APEX—aimed at levelling the balance.

In e rare outpouring of fraternal generosity, one delegatc pleaded: "If you pay peannts you get monkeys." But monkeys it was to be. The conference voted by a margin of 2-1 for the review.

APEX members don't take this sort of thing lying down, bowever. They are said to be planning a one-hour strike today in protest against the move, leaving delegates to agonise over whether they cross their own official picket line.

It is believed that Alastair Graham, CPSA general secretary, against whose £22,000 salary the motion was principally aimed, was the prime mover behind the decision to strike.

Bankers' votes

One of the main aims of the London-based Arab Bankers' Association—"reinforcing the ties between its members"—seems to be in some jeopardy. At least one Arab magazine talks of a crisis.

Sabih M. Shukri, chief executive of the Allied Arah Bank and a co-founder of the Associetion, has resigned as deputy chairman in protest over the way in which elections for the new executive were conducted.

Chairman Bachir Zouheiri, of the European Arab Bank, and other committee members hroke the rules by amending them to allow unlimited use of proxy votes, says Shukri.

The amendment enabled them to cast 131 proxy votes hetween them—Zouheiri had 27—and ensure their re-election.

Shukri left the platform at the meeting and withdrew his candidature for a place on the committee. Mudher Hillawi, of Rafidain Bank, also withdrew but leter accepted election.

Shukri is now seeking an extraordinary meeting to discuss his demands for fresh elections.

Zauheiri said yesterday: "The committee had a right to amend the statutes of the Association. There was nothing irregular about the meeting. Even if the proxy votes had not been used, the same people would have been elected. There is no problem."

Art work

London property company Haslemere Estates has had a lucky find on its own doorstep—well, to be precise, over its own fireplaces.

Two paintings on plaster believed to date from shortly after the Great Fire of London in 1666 have been found during restoration works at offices owned by the company in Wardrobe Court between St Paul's and the Thames.

Greater London Council's historic buildings experts had a part in the discovery. They were checking renovation work in the building—thought to be e merchant'e house originally—when the first painting was seen as 18th century panelling was removed. A quick search revealed the second one over another fireplace.

One painting depicts three men and a boy skating on e frozen river with a watermill in the background. The second painting is e more formal scene of a house and garden with strolling figures.

No one is inclined to risk a valuation of the paintings yet. But tha GLC has made it clear that, as part of e listed building, they must stay in the house.

Meanwhile, restoration work has suffered an unfortunate temporary setback. One of the slate fireplaces fell on the foot of the restorer this week, who suffered a brok'n toe.

"Never mind—after June 9 you probably won't have to worry abont your tax threshold for years."

With strings

Music may have its charms—but not anough to soothe members of the orchestra of Portugal's national opera house, the Sao Carlos.

Repeatedly during this year's season, the musicians—supported by sympathetic chorus, stage hands, lighting men, dressers and some leading singers—have downed tubas and refused to utter a note until their claims were satisfied.

Real cause of the unrest, it new emerges, is not so much a demand for more money as for status. The theatre is e state-owned enterprise that was turned from a aort of Government department into a publicly-owned company a few years back in the hope that this would blow some of the bureaucratic cobwebs from the music stands.

Tha musicians, it seems, would prefer to be treated as civil servants; to abide by rules that ensure the first violinist is the oldest, and not necessarily the best, fiddler.

They would also like a hardship bonus—similar to that paid to X-ray workers in the country's hospitals—to compensate, presumably, for any poke from a passing piccolo.

Observer

ECONOMIC VIEWPOINT

Inflation: make haste slowly

By Samuel Brittan

ONE of the higgest questions facing wbatever Government is formed after the next election is how far and how fast it wants to proceed in reducing the rate of inflation still further. Taken by itself, the lower the rate of inflation the better, until somewhere not far from price stability is reached. But few benefits are achieved without costs; although the cost in this case is not that of low inflation itself, hut that of moving down from a higher to a lower inflation rate.

The reduction of inflation, not only in Britain, but in the whole industrial world, has had a cost in terms of recession and unemployment. It does not follow that further reductions in the inflation rate would have an exactly comparable cost, but they are unlikely to be achieved for nothing; and the question of "how far and how fast to go" needs attention.

To begin with we have to estimate what the true rate of inflation is at present. It is certainly not the figure of 4 per cent, or even less, representing the 12 monthly rate of increase in the Retail Prices Index up to last April, to be published on May 20.

There are all sorts of reasons why the inflation rate darts abont in the short term. A particular reason for "low inflation" this April is that the RPI comparison will be with the period after the 1982 Bndget when indirect taxes (which are informally indexed to the previons year's inflation) rose much more than they did after the 1983 Budget.

The Red Book published by the Treasury et Budget time envisaged the 12-month increase in the RPI rising to 6 per cent in the latter part of this yeer end the first half of 1984, but did not project this perticular indicator further ahead. Outside forecasts for 1984 tend to be in the 6 to 7 per cent area.

A better index, which is free of some of the temporary distortions that affect the RPI, is the "GDP deflator" — ie the price index relating to the whole of national output (exclnding the import component). The Treasury forecast is 5½ per cent in the 1983-84 financial year. A similar rise is "assumed" in 1984-1985 and a dip to 5 per cent is assumed for 1985-86.

A still more basic indicator is obtained by comparing the growth of earnings per head with the underlying rate of productivity growth. This is used by official advisers in many countries to give the "underlying" rate of inflation. For it indicates the average rate of inflation likely to prevail amidst ell the buffeting of raw material price changes, profit margin fluctuations and so on. Earnings are now estimated to he rising at just under 8 per cent per annum; and productivity is put at 2 per cent—perhaps a slightly conservative estimate. The calculation thus gives an underlying annual inflation rate of 5 to 6 per cent.

Yet another way of looking at the inflation rate is to examine the expectations of financial investors. These can be found by taking the yield on indexed gilts—which represents the real rate of interest—and subtracting it from the yield on conventinnal gilts.

There are two complications in the exercise. One is that the ectual yield will vary with the tax position of the holder; the other is that conventional gilts embody e risk premium as well aa a central inflation expectation. If the position of zero taxpayers holding high coupon stock is compared, an expected inflation rate nf about 8 per cent emerges. But by examining the position of high rate taxpayers, the Bank of England

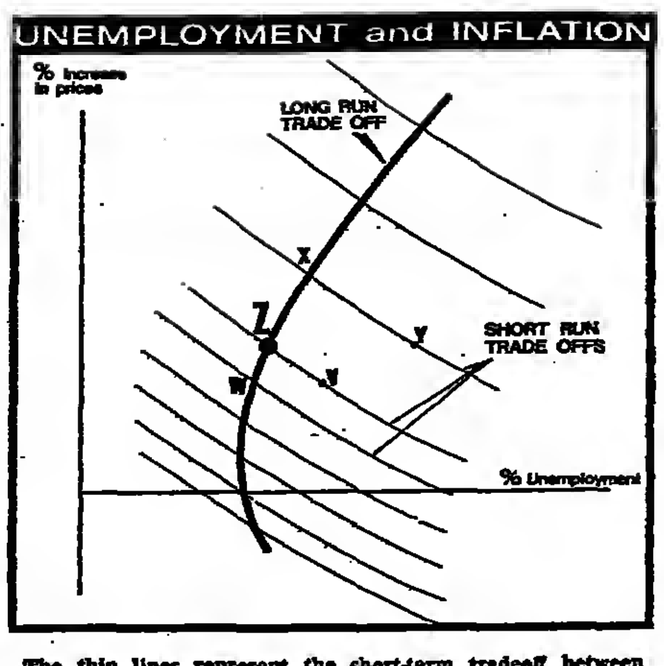
Comparing earnings with underlying productivity

was eble last February to show e 2 per cent expected infletion rate et the other end of the range; it did not, however, argue that the latter was a realistic guide to inflation expectations.

The upshot of all these different procedures seems to be an underlying inflation rate of 5 to 6 per cent prevailing et present.

What was the underlying inflation rate in 1978, the last full year of the Labour Government? The year-on-year increase in the RPI was 8.3 per cent; but the earnings rise was 13 per cent. If one applies the same productivity deduction as hefore this gives an underlying rate of 11 per cent.

After the collapse of the Labour Government's incomes policy and the pay increases induced by the second oil price explosion, Sir Geoffrey Howe's increase in VAT and the implementation of the Clegg awards, the underlying rate of inflation calculated the same way had risen to 18 per cent in 1980. Thus the pains of the last few years can be associated with e reduction of inflation either from 18 per cent to 5½ to 6 per cent or from 11 per cent to 5½ to 6 per cent, depending on how much of an aberration the year 1980 is regarded as being.



The thin lines represent the short-term tradeoff between inflation and unemployment. The thick line represents the long-term tradeoff. The points V, W, X, Y and Z are explained in the article.

It would clearly be wrong to regard the whole of the increase in adjusted adult unemployment from 1.4m in 1978 to 3.1m today as the cost of reducing inflation by 6 to 12 percentage points, even if we count in the cost those elements of the world recession which are due to tight money by the Fed and other national enthorities.

But some part of the increase was due to the clash between counterinflationary policies and the forces of wage push, which were not even partially vanquished until too late.

The chart with this article tries to summarise the relation between unemployment and inflation. It is of course highly schematic and there are many other influences not shown.

But so far as there is a relation between unemployment and inflation, the short-term is very different from the long. The sbort-term relation is shown by the thin lines (sometimes known as Phillips curves). Starting from a position of balance (e.g. point X) a rednction nf inflation by conventional financial means will involve a temporary increase in unemployment, say to point Y.

This is basically due to the time it takes for those who set wages and prices to edjust their behaviour to e less inflationary policy. Once the adaptation is complete wages and prices will be rising et a mnch rednced rate. This stimulates real demand and the level of unemployment contracts to its long-term level—shown by point Z on the thick line.

In the long run it is all different. When the inflation rate is moderate to low, it has probably little lasting effect on unemployment one way or the other. But at e high rate of inflation, the short-term trade off is reversed; and as inflation worsens, so does uoemployment. The main reason for this is that high rates of loflation tend also to be unstable and unpredictahle ooes, to which people find it very difficult to adapt.

At the bottom eod of the inflation scale, on the other hand, one can argue endlessly about wbether an average inflation rate of 0, 1, 2, 3 or −1 per cent would be most belpful to economic performance and therefore to employment.

The thick line is in fact almost vertical in its lower ranges, with a aligbt inflection et the bottom to indicate that the optimum inflation rate may differ sligbtly from the exact zero point, and that major deflation would be harmful.

The present rate of unemoloymeot may be represented by point Y. If the basic world and UK economic position had been unchanged since 1978-80, unemployment might be expected to shrink eventually to Z. Professor Michael Beenstock in fact argues that there will be a large fall in unemployment in tbe course of tbe 1980s in a new City University Business School economic model ("CUBS") to be publisbed sbortly. Mr Gavyn Davies of Simon and Coates takes a much more pessimistic view; be helieves that the basic position has deteriorated so much that

The employers and unions have learnt something

the attempt even to stabilise inflation with present policies would mean only 1 per cent growth for several years ahead and rising unemployment. Either view is tenable and anything in between.

The practical question after the election will be: should whatever Government wins settle for a 5 to 6 per cent inflation rate, perhaps supplemented by direct labour market policies to reduce unemployment? Or should it try to finish the job by aiming for something nearer zero inflation? The unemployment cost of a further reduction in inflation need not be the same as that of the previous reduction. Employers and unions have learnt something and are less likely to make gross miscalculations about the pay increases the market can stand.

Nevertheless it is still difficult to believe that inflation could be cut further—say from Z to W in the chart—without some transitional unemployment cost, say a temporary increase to point V. We are now approaching the range of inflation rates whicb have been normal since World War II; and there could he considerable resistance on the way down to zero. Moreover, a long period of temporary or transitional unemployment is itself associated with the scrapping of plant and witb tho reduction in training and recruitmeot, therehy raising the long-term unemployment rate and shifting the thick long-term line to the right.

If I thought it were possible to stabilise the inflation rate at 5 to 6 per cent until the eod of time, I would probably settle for it. The main objection is that psychological factors will prevent it settling at any such level. Once the policy hecame known the Government would be under great pressure to allow the inflation rate to rise by the odd per cent or two eacb year; and after a few years we would be back with the old problem.

The correct moral of the "cost of disinflation" is that we should hencefortb make haste slowly. An underlying inflation objective of 4 per cent for the end of the next parliament and 3 per cent the one after that would make more sense than an early drive to price stability; and it is extremely doubtful wbether incomes policy could make the transition more quickly without pain.

The case for gradualism was in fact taken aboard before the last Budget when the Government was persuaded not to reduce its target monetary growth rate for 1983-84 from the originally planned 7 to 11 per cent, even though inflation had fallen faster than expected. In view of the vagaries of the velocity this gradualist intention should be stated in terms of money times velocity or money GDP. The general moral, illustrated by the chart, is that the lower the rete of inflation the lower the priority that attaches to reducing it further. Making haste slowly wben reducing inflation is subtly different from living with it, but the difference is all important.

Lombard

A practical plan for currencies

By Nicholas Colchester

WEEK BY WEEK the sense of frustration with the world's present monetary non-system grows more tangible. There is general agreement that floating exchange rates bave proved unsatisfactory. The markets have rarely thrown up rates that seem realistic. Currency rates have proved unnervingly volatile. Tbe hoped-for monetary independence proved a chimera because most nations remained just aa dollar-vulnerable and doller-conscious as they bad been in the days of the dollar-hased fixed exchange rate system.

But what comes next? Here the consensus evaporates. At one extreme the French want to return to a Bretton Woods system of "realistic parities," or something close to it. At the other, the U.S. will barely concede that there is a case for smoothing exchange rate movements with central baok intervention, let alone intervening to defend rates dictated by some new and more ordered system.

There are those who hope that by a greater degree of economic policy co-ordination between the governments of the major economies, the floating exchange market could be persuaded to settle down. Logically it should, but in practice it probably will not. Having singularly failed to produce realistic rates in response to the unco-ordinated policies of different nations, why should the markets do better when policies are co-ordinated? The speculative forces which drive modern markets are looking for excuses to start movements and benefit from them, and, bowever close the dialogue between Fioance Ministers of the big five, they will continue to find such excuses.

One monetary way forwards in this increasingly interdependent world is towerds a single currency system. But for all the thrashing around and discomfort within the present multi-currency arrangement, it remains most unfashionable to explore the idea of a single world currency.

And yet a number of current developments appear to point in a one currency direction. For instance, the attempt to hold free trade together bas forced the major trading nations to adopt "consensus" interest rates for trade credits. While their different currencies have different interest rates, they have chosen to suppress these differences and standardise the interest rates to avoid low interest nations having too unfair an advantage. It is rather as though there was an unspoken wish to extend trade credit in one standard currency.

Theo there is the dawning realisation, identified by the U.S. economist Ronald McKinnon, that money is not o national but a global commodity.

Finally there is the lesson of the floating currency experiment. Nations have not been able to enjoy monetary independence. The foreign exchange markets have proved potent in their ability to dump the currencies of countries whose anti-inflationary policies seemed laxer than those of their neighbours. Western countries have been forced to mimic U.S. interest rate policies because they have not found it possible to divorce their trade sufficiently from the U.S. dollar to accept dollar exchange rate movements with equanimity. They have all been living in more of a one currency world than they care to admit.

It would be baying at the moon to suggest that the next "Bretton Woods" should move the world in the direction of one currency. But there may be a practical way to sow the seeds of a one currency habit and at the same time mitigate the worst discomforts of exchange rate volatility.

The Special Drawing Rigbt, a basket of five currencies printed by the five theoretically independent central banks of the U.S., the UK, France, West Germany and Japan, should be promoted mucb more actively as the unit of account and even payment for international transactions. The use of the SDRs in trade credits would solve the argument over interest rates. The use of SDRs for crude oil pricing and commodity contracts and agreements would diffuse, tbougb not remove, the impact on producer and consumer economies of exchange rate movements.

The surest way out of a monetary situation which everyone regards as unsatisfactory is, by such practical means, to dilnte the dollar-dependence wbich lies at the root of all the argument and all the discomfort.

Letters to the Editor

Key role of electronic systems and components

From the Consultant Director, Electronic Components Industry Federation

Sir,—The electronie components industry welcomes the Government's general acceptance of the Alvey recommendetions, in particular those on very large scale integration and input/ontput devices. But the importance must also be recognised of a national capability in nther, more *mundane*, but no less essential, components, passive as well as active.

The key role in the economy nf electronie systems including everything covered by information technology is generally recognised: bnt such systems are totally dependent upon the components incorporated in them. If the equipment industries became dependent upon foreign suppliers for key components, the long-term implications would be serious: increasingly the design of electronic systems and sub-systems is being integrated so that the elosest interaction between system and component designers is essential; with components sourced from the U.S. or Japan, the interactive design process would be difficult and inefficient because of the time and distances involved, and Britisb equipment designers would be unlikely to have access to the latest developments until after their fnreign competitors; thns they would eventually become uncompetitive in world markets. Finally there would be a real risk of political interference by the government of the supplying country with exports of equipment incorporating their components (cf. the Soviet gas pipe-line).

For these reasons, an indigenous, competitive and profitable electronic components industry is vital. We do not eccept the implications of your recent leader about Japanese VCR manufacture in Europe which referred to the need to ensure continued supply of the "necessary" components from Japan. The UK industry has ahown itself capeble of supplying electronic components of the required performance and quality to the Japanese companies making CTV sets in the UK, and we are confident that we can do the same for VCR's; imports nf such components from Japan are not "necessary."

R. H. W. Bullock.
ECIF,
7-8, Savile Row, W.1.

Another barrier down?

From Mr M. Strong

Sir,—I wonder if anyone has considered the effect on inflation which the new £1 coin will have. I do not think many people doubt that decimalisation was nne of the factors that led to an increase in inflation in the 1970s. Not only did most of us manage to convince our selves that a new penny had the same value as an old penny but the psychological harrier of the *shilling was lost*.

Are we not going to lose the same psychological barrier now that £1 has ceased to be folding money which has to be extracted from a wallet, and has become loose change. The jump from the £1 barrier to the £5 barrier is so enormous that it must surely have an inflationary effect. It is no use saying that gold sovereigns were once used withont such an effect because they, being gold, were strictly limited in supply, which the new £1 coin certainly is not.

Michael Strong.
c/n *P.O. Box 3091, Singapore 9050.*

A Maestro costs £11,804

From the Managing Director, Whale Tankers

Sir,—When cursing both management and men at Britisb Leyland over the recent well publicised and ill conceived "washing up dispute" I began to wonder exactly whet BL cost, and I discovered that the actual cost of the most basic *Maestro is* at least £11,804.

We currently subsidise BL to the rate of £1.1m per working day, annually £292m. Ford in the same period made £190m profit.

Car prices in the UK are averagely 25 per cent higher than identical cars on the Continent and tt is also a fact that the inefficiences of BL contribute to the differences. Car unit sales are 1.55m in the UK at an approximate total selling price of £8bn. BL contributes substantially to the higher prices perhaps to the tune of 25 per cent of £8bn=£2bn.

The Chancellor is unwilling to reduce the excise on diesel fuel because of the lack of a diesel engine in any BL car thus causing increased imports as all other manufacturers have diesel options. The annual excise revenue on *diesel* fuel is £9bn and e conservative estimate of a mere 10 per cent reduction in tax would represent a saving of £900m.

The tangible annual cost of *BL could* be:— subsidy £292m; price differential £2bn; diesel tax £900m; making e total of nearly £3.2bn.

On the invisible deficit front by keeping car prices higher in the UK artificially we make it easier for the importers, so we get more imports and of course less home jobs. If prices fell more sales would result and these would inevitably be creating home jobs, es importing would be less attractive.

So each car price should be increased by £7,254, or each employee et BL costs £84,000 per annum to keep and the whole company costs £12¼m each working day.

Even more alarming etill is the fact that through our nwn total incompetence we are actually supporting the Japanese car industry with a subsidy of some £266m per annum.

If the British people were eware of these facts they would surely clamour like me for the immediate disposal of BL. Perhaps we will actually see a "For Sale" notice.

Mike Fisher.
Whale Tankers,
Ravenshaw Lane, Solihull, West Midlands.

Electrifying the railways

From Mr R. Bonwit

Sir,—One gets the impression that there is lack of consistency *in Government over* the *economic* use of energy resources. The Energy Department has announced plans for apending £2m during the next four years on research into this problem; meanwhile Mr Howell has turned down the long-standing project for electrifying the east coast main rail line. At the same time domestic air and long-distance coech services are being promoted — possibly as reserves in case of yet another rail dispnte engendered by the consequences of running railways on the cheap both with regard to investment and to wages.

Electricity provides an efficient source of energy for transport including the haulage of electric freight trains by night when power stations tend to be idle. A national energy policy *should provide for a much more* intensive use of rail for freight and passenger services and for some 80 per cent of train miles to be electrically hauled.

With the unfortunate prospect nf *several years of heavy* unemployment, accumulations of coal, steel and cement, and of shortages *of* outlets for construction, a decision in *favour* of e sustained programme of railway electrification has become the urgent requirement of e far-sighted industrial strategy. Electric locomotives cost about 40 per cent less than their diesel equivalents and maintenance costs are halved for electric traction units. Besides, three electric locomotives can do the work of fivo diesels.

In these circumstances tt is difficult to understand the reasoning of Mr Howell and the Department of Transport, even with the latter's well-known propensity to favour motor traffic. Are they really content to muddle on until Nnrth Sea oil begins to run out?

Ralf Bonwit.
Sorby, Kiln Lane, Binfield Heath, Henley-on-Thames.

Voting with their feet

From Mr B. Engert

Sir, — When Robin Pauley suggests (May 7) that "with few exceptions in a few Loodon boroughs rates are not an issue in most elections," he is stating e half-truth.

In the older parts of the big conurbations there is e sharp distinction between electors and ratepayers; many if not most of the former are employed by the local authority which, if Socialist, leans heavily on maximising the number of jobs and many of the remaining electors, if not a majority, are net beneficiaries with rate and rent rebates or frozen rents and so forth.

Private ratepayers, for example where I worked in my business in the East End of London, are a minute minority and, of course, the biggest body of ratepayers, trade and industry, have no vote.

He who pays the piper does not call the tune these days, hence the exodus of industry and even offices to outside the big conurbations, as my old firm has dooe. The real ratepayers have no means of making higher and even higher rates en issue and so perforce vote with their feet.

Basil Engert.
Robinswood, Budd's Lane, Wittersham, Tenterden, Kent.

FINANCIAL TIMES
Thursday May 12 1983

ITT starts the year with higher earnings

By Our Financial Staff

ITT, the U.S.-based diversified telecommunications group, yesterday reported increased first-quarter earnings and forecast higher profits for the year as a whole.

Net income of $134m or 90 cents per share was down from the $163m or $1.10 per share reported in the comparable 1982 period, but last year's figures included an after-tax gain of $28m (19 cents) arising from the sale of a 10 per cent stake in Britain's Standard Telephones and Cables.

Mr Rand Araskog, chairman and chief executive, announced the results at the group's annual meeting in London, the first to be held outside the U.S.

The meeting agreed to change the company's name to ITT Corporation from International Telephone and Telegraph to reflect its expansion into new sectors.

Foreign exchange effects increased 1983 profits by $4.1m against $10.7m last year.

Mr Araskog, said the latest returns reflected a 3½ per cent improvement in earnings from operations over 1982 levels after excluding these factors.

The chairman was confident that ITT's earnings from operations will show a marked improvement for the full year and predicts a total net income at around the 1982 level of $702.8m, which included a non-recurring gain of $120.5m attributable to the sale of the group's 50 per cent interest in STC.

Sales and revenues for the latest quarter were $4.9bn compared with $5.4bn last year. This includes insurance and finance operations of $1.5bn for both the 1983 and 1982 periods.

Order backlog at the end of the 1983 quarter was $5.6bn, against $6.7bn a year earlier. Excluding the impact of foreign exchange effects and divested units, backlog showed a 5.8 per cent improvement.

Telecommunications and electronics income increased $17m in the three months while North American switching results improved substantially

Income from engineered products rose $3m but consumer products and services profit decreased $5m, thanks primarily to lower results in the lawn and garden business and consumer electronics operations.

Income of the natural resources unit declined $11m primarily because of lower pulp margins at Rayonier, but that of the insurance and finance division increased $20m, mainly because of capital gains on the sale of portfolio securities and continuing strong results in the finance segment resulting from lower borrowing expenses and higher volume.

Meanwhile the quarterly dividend is being increased from 67 to 69 cents a share.

Greeks cancel plans for $275m chemical plant

BY CARLA RAPOPORT IN LONDON

THE GREEK Government has officially cancelled plans to build a $257m petrochemical complex, a move which signals the collapse of nearly $100m worth of contracts with UK companies.

The cancellation also saddles the Greek Government with nearly $60m worth of chemical plant equipment, currently in storage in warehouses from Blackburn in Britain to Florence in Italy.

This equipment was purchased from UK companies with the aid of a $124m line of credit arranged by Lloyds Bank International and guaranteed by Britain's Export Credits Guarantee department.

Announcing the cancellation Mr Constantine Vaitsos, Deputy Minister for National Economy, called the project "one of the bigger economic mistakes of the post-war period."

Ha added it would have cost the country more than drachmas 100bn ($1.19bn) in the next 15 years in operating losses and interest charges.

The complex, approved by a former Greek government in 1977, was intended to produce 110,000 tonnes per year of low and high-density polyethyelene. These are commodity plastics, largely used by the packaging and constructinn industries.

Lloyds is understood to be in contact with representatives of the Greek Government concerning the repayment of the amount drawn down nn the $124m line of credit. The credit line, arranged in 1981, was over eight and a half years at 7½ per cent. The first repayment was not due until early 1985.

The loan provided the backing for $146m worth of contracts to UK companies, including Sim-Chem, a subsidiary of Simon Engineering, John Brown Engineers, and Foster Wheeler UK.

The remainder of the work was to be undertaken through local contracts.

Nearly $60m worth of equipment from Sim-Chem and John Brown had been purchased when the project was abandoned. Sim-Chem said yesterday that 90 per cent of this equipment had been paid for by the managers of the project, Greek Petrochemical, a subsidiary of the government-owned Hellenic Mining & Industrial Operations Corp.

John Brown refused to comment on the matter yesterday, but said it would issue a statement soon.

Sim-Chem and John Brown's contracts totalled more than $80m.

$140m settlement for U.S. hotel fire

BY PAUL TAYLOR IN NEW YORK

MGM GRAND HOTELS and 41 other defendants have agreed to pay $140m to settle claims resulting from the 1980 Las Vegas hotel fire, in which 84 people died. The out-of-court settlement is believed to be the biggest of its kind.

MGM Grand Hotels will pay $75m and the 41 other defendants will pay smaller sums to 1,357 victims of the tragedy and their families, according to the claimants' lawyers.

The agreement, which is subject to final court approval this month, would mean individual payments ranging from $18,000 to $6m for the claimants. The compensation would be paid in July.

The settlement, if finally approved, will mark the end of a long legal battle over the claims. The company's 1982 annual report says there were about 275 suits seeking about $600m in compensatory damages and $2bn in punitive damages served and pending at October 26. More than 2,000 claims, including a substantial number of lawsuits, have already been settled.

At the time of the fire, which injured 700 guests, the hotel had only $30m in liability insurance but MGM managed to buy a further $170m of retroactive insurance cover for $39m.

MGM, however, recently announced that it was Frank B. Hall and its wholly owned subsidiary, Union International Insurance, as well as other insurance carriers that issued the retroactive cover, because of disagreement over the size of the proposed settlement

General Foods rises 10% in fourth quarter

BY WILLIAM HALL IN NEW YORK

GENERAL FOODS, the U.S. packaged food producer, increased its net income in the fourth quarter by 10.2 per cent to $109.9m.

The strong performance in the final quarter, ending April 2, helped push the group's net income in the full year 11.3 per cent higher to $288.5m.

Net sales during the year fell marginally to $8.3bn which was the result of discontinuing certain operations.

If this factor is stripped out General Foods estimates that its net sales in the fourth quarter would have increased 6.9 per cent, and by 2.6 per cent for the full year.

Mr James Ferguson chairman and chief executive, says he is pleased with the group's profits performance, which is well above the rate of inflation, despite the difficult economic and competitive environment.

He says the group is looking forward to "meaningful growth" in its new fiscal year.

Earnings per share totalled $2.15 in the final quarter against $2.02 a year ago. For the full year General Foods earned $5.73 per share, compared with $5.25 per share.

Packaged grocery products remains the company's mainstay, accounting for two fifths of sales and close to two thirds of operating earnings.

Cunard buys two ships from Norway

By Andrew Fisher, Shipping Correspondent

TRAFALGAR HOUSE is buying two of the world's most luxurious cruise ships for $73m to add to the fleet of its Cunard Line subsidiary.

Cunard already owns the QE2, which served in the Falklands last year as a troopship. With the additional ships, the Vistafjord and the Sagafjord, its cruising fleet will be five vessels.

The ships are being bought from Norwegian American Cruises (NAC), part of the Leif Hoegh group of Norway. Cunard will take them over in October.

The cruise business has grown sharply in recent years, although recession in major markets such as the U.S. has dented the profits of several operators, including P & O Cruises, the other main British cruise company.

Cunard said passenger profits had improved steadily and were expected to be a record this year. Trafalgar House, which is mainly involved in property and construction, said the two ships would provide economies of scale to cover high marketing and operating overheads.

The group yesterday announced pre-tax profits for the half year to March 31 of £33.6m ($21.5m) against £27.7m. Shipping, aviation, and hotels contributed £5.4m of the profits before interest charges, up from £3.9m.

Trafalgar does not separate out its cruise profits. Mr George Law, general manager of Cunard Line, said the strength of the dollar had benefited the QE2, which sails regularly across the Atlantic, as well as cruising elsewhere.

New legal moves start in London on Rumasa battle

By Raymond Hughes in London

NEW LEGAL moves were started in London yesterday in the Rumasa affair.

In the first, the English High Court was told that Sr José Maria Ruiz-Mateos, the founder of the Rumasa group, which was expropriated by the Spanish Government two months ago, intended asking the court to stop UK proceedings brought by Rumasa against himself and Multinvest (UK).

Rumasa itself yesterday issued a new High Court writ against two Panamanian companies, a Swiss bank and Clydesdale Bank, in an attempt to get hold of a bill of exchange for £123,125.

Mr William Stewart Smith, counsel for Sr Ruiz-Mateos, told Mr Justice Vinelott yesterday that it had been agreed that Sr Ruiz-Mateos' application should be adjourned until July 11, when applications by Rumasa in that litigation are due to return to court.

Sr Ruiz-Mateos wanted the UK court case halted until the Spanish court had ruled on his challenge to the validity of the UK proceedings, said counsel.

In his plea to the Spanish court Sr Ruiz-Mateos in contesting the validity of the Decree Law under which the government purported to expropriate Rumasa, which, he asserts, is an issue that only the Spanish courts can decide.

He contends that, if the law is held to be invalid, the UK action against him was begun without Rumasa's authority and should not be allowed to proceed.

In its new writ Rumasa claims a declaration that it is beneficially entitled to a £123,125 bill of exchange, dated February 8, 1982, drawn by Compañia Vinicola del Sur.

Defendants to the claim are Ceninver and Heyer Enterprises, both Panamanian companies, Banque de Dépôt Genève, of Geneva, and Clydesdale Bank.

The writ states that Ceninver is named on the bill as payee, and that the bill purported to have been endorsed to Heyer Enterprises and then to the Swiss bank. The bill was in the possession of Clydesdale.

Rumasa also claims an injunction restraining Ceninver, Heyer and Banque de Dépôt Genève from presenting the bill for payment and restraining Clydesdale from paying out on it or dealing with, disposing of or parting with the bill or its proceeds otherwise than as directed by Rumasa.

In addition, the writ seeks an order that Clydesdale deliver up the bill to Rumasa, or that Clydesdale, Heyer or the Swiss bank endorse the bill in Rumasa's favour or according to its direction.

On the basis that it was about to issue that writ, Rumasa on Tuesday obtained a temporary order stopping Clydesdale paying out on, or parting with the bill of exchange.

Mr Justice Goulding would make the order effective only until noon yesterday, but later on Tuesday the Court of Appeal extended the order until next Tuesday.

Alan Friedman, Banking Correspondent, adds: It emerged last night that the original bill of exchange for £123,125 was ordered by the London-based Edward Butler Vintners, a leading importer of wines from Rumasa. Mr Edward Butler said it was intended to pay for imports from the Rumasa company, Compañia Vinicola del Sur.

Mr Butler explained that he was unaware of the Panamanian companies to which the bill had been endorsed. He said he asked his bank – Clydesdale Bank – to cancel the bill of exchange earlier this week, at the request of the Spanish authorities.

It is not known who the Panamanian companies Ceninver and Heyer Enterprises belonged to. It is also unclear why the Rumasa-owned Compañia Vinicola del Sur would have endorsed the bill of exchange to those Panamanian companies, as yesterday's writ suggests.

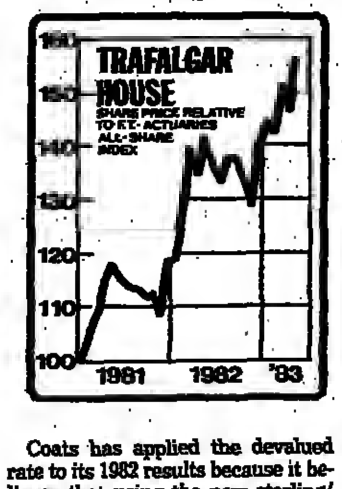
THE LEX COLUMN

Trafalgar squares up to new image

Trafalgar House continues to improve the quality of its earnings – to say nothing of their quantity. In the six months to March, pre-tax profits have risen by 21 per cent to $33.6m. And having dumped newspapers early in 1982, property dealing profits are shrinking fast as a proportion of the whole. In the latest period they stood at a bare quarter of the pre-tax figure, compared with nearly half in the same six months a year earlier.

The core of the company emerges as the construction division, where profits have risen by 52 per cent to £25.4m. The group'a late entry into Middle East markets means that earnings from this source are now growing strongly, whereas that of other contractors peaked a couple of years ago. At home, meanwhile, Trafalgar is seeing the fruits of the road-building programme and benefits from its specialisation in commercial refurbishment. Orders this year could rise by some 20 per cent.

Cash generation remains strong, equivalent to perhaps £20m over the half-year, allowing the company to raise the level of its acquisitional ambitions. Trafalgar has the knack of buying – cheaply – assets in difficult areas and fitting them into a more promising context, *vide* RDL, and yesterday's $73m cruise liner deal – spreading the division's overheads – falls into this category. North Sea producing assets may be purchased to balance the cost of planned exploration, while it would not be surprising to see acquistions on the contracting side. The shares rose 2p yesterday to 183p, where the p/e, assuming a pre-tax outcome of up to £80m after £65.5m, is about 11, fully-taxed. The prospective yield is around 6½ per cent.



Coats Patons

Coats Patons' shares have ebbed to and fro between 40p and 80p since early 1975, overshadowed throughout by investors' concern over the group's exposure to the disruptive impact of Third World textile manufacturers and its own reliance on Latin American markets.

Both factors have been at work again in 1982: trading profits are still at £86m, a level already achieved three times over this same period, and pre-tax profits of £77m include £35.6m from Latin America which has been set back by Brazil's 23 per cent devaluation of the cruzeiro in February.

Coats has applied the devalued rate to its 1982 results because it believes that using the new sterling/cruzeiro rate has provided a truer picture of the underlying sales growth in Brazil based on the traditional relationship between domestic inflation and the group's regular price increases in the Brazilian market.

With cash dividends already received from Brazil, the issue is largely an accounting matter. But it is indicative of Coats' sure-footedness in coping with the Latin American economies over many years and suggests that the share price of 71p – which still offers a yield of 8.8 per cent – overcompensates for this geographical exposure.

Structural changes in the textile industry have also drawn a cogent response from Coats. It has streamlined itself in the U.S. as a major supplier to the jeans industry, while the group's continuing rationalisation in Europe has taken it away from cotton sewn fabrics and cotton thread in favour of woollen products and synthetic industrial threads.

With reorganisation costs almost behind it after 1983 and the search on for a sizeable UK acquisition, Coats looks better placed for future growth than most companies with a share multiple on fully taxed earnings of just 5.3.

JVC

JVC's complaints about European protectionism may be more than justified after the treatment meted out to video cassette recorders by the French authorities last year. But the 1.7 per cent decline in net unconsolidated profits to Y19.2bn, along with virtually static sales, tell their own story of a consumer electronics industry which has far overrun demand in its headlong dash for growth.

As at Sony, JVC's year to March was marked hy heavy price cutting to reduce VCR stocks. After this experience, the group is taking a cautious line about current trading, forecasting a fall in net profits for the year to around Y15bn. This partly reflects doubts about Europe, where the days of discounted VCR's in the High Street seem to be disappearing as the Japanese bow to the pressure to contain sales: price rises of around 20 per cent will probably only just ebout compensate for lower volume. Even so, there may be significant room for U.S. growth, where sales are reckoned to have doubled in January. Some of this is being met from stock, but Japanese exports rose by around 18.5 per cent in the first two months of the year.

Royal Insurance

Royal Insurance's tougher underwriting policy is yielding a mixed bag of results across its far-flung empire. In Canada the group has reduced underwriting losses in the three months to March to a point where the local company is showing an overall profit. In Australia the underlying performance is turning up after taking the exceptional bush fire costs into account. But in the U.S. Royal is still losing ground, and the improvement in the UK figures – with overall profits of £400,000 against losses of £11.3m – is entirely due to the milder winter.

With total underwriting losses of £64.2m running at virtually the same level as a year ago the figures have been rescued by a 62 per cent increase in investment income, leaving pre-tax profits at £9.2m against losses of £3.2m. Below the line, tax credits have boosted the return to shareholders to £16.1m, but this was only a minor factor in the £99m growth in the balance-sheet total, as investments were carried up by soaring world stock markets.

Given its cast-iron capital base, Royal would probably not be unhappy to see lower stock markets and a tighter squeeze on the marginal companies which have been attracted into the business by the investment returns. But in the meantime the bleak U.S. prospects leave it heavily reliant on this income if it is to improve on last year's £96.5m.

Austrian Socialists in coalition deal

BY OUR VIENNA CORRESPONDENT

THE AUSTRIAN Socialist and liberal parties announced yesterday that they bad agreed to form a coalition to succeed the all-Socialist government of Dr Bruno Kreisky which lost its absolute majnrity in the parliamentary election of April 24.

Representatives of the two parties will meet again to work out the details of a government programme and the distribution of portfolios. Under present plans the Socialists will hold an extraordinary party conference on Tuesday to approve the new coalition in time for the first meeting, on Thursday, of the new Lower House.

The new Chancellor will be a Socialist, Dr Fred Sinowatz, a down-to-earth and popular politician. Dr Norbert Steger, leader of the liberal Freedom Party, will be Vice-Chancellor and has also been promised a department, probably the Ministry of Trade. It is expected that Dr Herbert Salcher will remain Minister of Finance.

During the election campaign the two new partners were separated on a number of issues, some of which remain to be resolved. Yesterday's announcement said that the Freedom Party had agreed to the Socialist wish to continue building a new international conference centre in Vienna. Doing so was a pet idea of Dr Kreisky's which was originally beld up to scorn by both the Freedom Party and by the People's Party.

A compromise has also been reached on the closure of certain tax loopholes available to depositors in savings accounts. Dr Kreisky's intenbon to impose a withholding tax on all such payments appears to have been dropped. Instead a levy will be made in the case of anonymous accounts.

Tories stress EEC membership benefits

Continued from Page 1

eral election, which she had not put forward when the date was named last Monday. She argued that the Soviet Union would not seriously negotiate on disarmament until it knew the result of the British election. She drew a close parallel with Soviet attitudes before the election in West Germany last March and she emphasised her shared views with Chancellor Helmut Kohl over nuclear weapons.

Both Mrs Thatcher and Mr Pym strongly attacked Labour's attitude on defence.

The British Parliament will be dissolved tomorrow.

If Labour wins the election, it will introduce its own budget

The Labour election manifesto was agreed yesterday by party leaders. It is virtually identical to the party's campaign document published in March. "The New Hope for Britain," and will be launched next week. Main policies include:

- Unemployment. Labour says spending means jobs. It promises tn get unemployment below 1m in five years.
- Health. More help for primary care and a "fair reward" for workers in the National Health Service.
- Defence. Trident programme to be cancelled, cruise missiles to be removed from UK and nuclear bases to be closed. But emphasis on multilateral approach.
- Housing. More public housing, one-year rent freeze and improved tenants' rights.
- EEC. A promise to take the UK out of the community.
- Prices. Cuts in value-added tax and curbs on fares, rates and fuel costs.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	19	66	Dubrovnik	S	18	64	Malaga	S	22	72	Salzburg	F	18	64
Akrotiri	S	23	73	Faro	F	20	68	Malta	—	—	—	Seoul	S	28	82
Algiers	F	23	72	Florence	F	21	70	Manila	S	37	99	Singapore	R	31	88
Amsterdam	R	9	48	Frankfurt	C	13	55	Miami	C	26	79	Stockholm	C	12	54
Athens	S	22	72	Funchal	C	19	66	Milan	F	18	64	Strasbourg	R	11	52
Bahrain	S	34	93	Geneva	C	11	52	Moscow	F	19	66	Sydney	C	20	68
Bangkok	S	35	95	Gibraltar	C	20	68	Munich	F	14	57	Taipei	C	30	86
Barcelona	F	17	63	Guernsey	F	15	59	Nairobi	F	25	77	Tangier	F	18	64
Beirut	S	25	77	Helsinki	R	15	59	Naples	F	18	64	Tehran	—	—	—
Belgrade	F	23	73	H. Kong	C	30	86	New Delhi	R	38	100	Tel Aviv	C	27	81
Berlin	R	15	59	Innsbruck	F	16	61	New York	C	19	66	Tenerife	S	24	75
Biarritz	D	10	50	Inverness	F	11	52	Nice	R	19	66	Tokyo	S	25	77
Blackpool	F	12	54	Istanbul	F	17	63	Oporto	C	14	57	Toronto	C	16	61
Bordeaux	C	14	57	Jersey	F	15	59	Oslo	C	20	68	Tunis	F	23	73
Brussels	R	15	59	Jo'burg	S	22	72	Paris	R	8	46	Valencia	S	23	73
Budapest	F	19	66	Las Palmas	S	21	70	Prague	F	15	59	Venice	F	20	68
B. Aires	R	18	64	Lima	S	29	84	Reykjavik	F	5	41	Vienna	F	16	61
Cairo	S	37	99	Lisbon	R	15	59	Rio de J'o	S	27	81	Warsaw	F	18	64
Cape Town	S	17	63	Locarno	R	8	46	Rome	F	21	70	Zurich	R	10	50
Caracas	C	30	86	London	C	11	52								
Casablanca	F	19	66	Los Angeles	F	18	64								
Copenhagen	R	8	46	Luxembourg	R	7	45								
Corfu	S	22	72	Madrid	F	15	59								
Dublin	F	12	54	Majorca	F	22	72								

Readings at mid-day yesterday:
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Saudi LPG price rise

BY RICHARD JOHNS IN LONDON

SAUDI ARABIA has raised its prices for liquefied petroleum gas (LPG) – propane and butane – for the fourth time in little over six months to $280 per tonne for both varieties.

The Saudi decision is in line with the tightening of supplies because of this year's low level of oil output – on which LPG production depends. Twice the state agency Petromin has been forced to tell Japanese customers, which had contracted to purchase 3.35m tonnes for 1983, of reductions in available quantities.

Before the latest increase, the Saudi rate was $260 per tonne for propane and $270 for butane. Corresponding rates up until November of last year were $225 and $255 respectively.

The new level is the equivalent on the basis of calorific value to 117 per cent of the $29 per barrel price of Arabian Light crude.

In contracts concluded at the turn of the year, when it was at $34, Petromin obtained the agreement of customers to a formula whereby its LPG price is index-linked at 85 per cent of parity with Arabian Light. But it retained the sovereign right to raise rates higher.

IMF urged to encourage open markets

Continued from Page 1

the U.S. was envisaging more intervention on the exchange markets.

Other participants, however, detected a greater readiness to intervene by the U.S. in "disorderly markets" while adding that there was no change in the U.S. view that over the long run intervention served no purpose.

The initial U.S. intention had been that yesterday's discussion should pave the way for the Williamsburg meeting while establishing a new forum in which trade and finance ministers could meet.

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FINANCIAL TIMES

Thursday May 12 1983

Cigna operating income rises 25% to $76m

BY WILLIAM HALL IN NEW YORK

CIGNA Corporation, the U.S. insurance group formed from the merger of Connecticut General and INA Corporation last year, increased its operating income in the first quarter of 1983 by 25 per cent to $76.6m.

Sharply lower losses on weather-related catastrophe insurance business helped boost the group's performance. Operating income of the property and casualty operations rose 26 per cent to $24.1m and underwriting losses on this side of the business fell from $156.1m to $142.5m. The combined ratio after policy holder dividends improved 3.3 points to 113.1.

Mr Robert Kilpatrick, Cigna's chief executive, said that despite the improvement, resulting in a decrease in weather-related claims, price competition in the property and casualty business remains "intense."

Operating income of the employee benefits and financial services group rose 14 per cent to $38.5m and other operating income rose 61 per cent to $14m.

Group net income rose by 61 per cent to $91.4m which was partly the result of a $14.8m capital gain on the investment portfolin, compared with $4.9m loss in the comparable quarter of last year.

Net income per share totalled $1.20 in the latest quarter compared with 73 cents a year ago.

● A strong gain in first quarter profits is reported by Combined International, the U.S. insurance holding company with operating subsidiaries in accident, health and life coverage and reinsurance. Net operating income increased by more than 25 per cent, from $22.09m in the opening quarter last year to $27.78m.

The improvement follows three consecutive quarters of declining returns which lowered net operating profits for the whole of 1982 to $86.6m from 1981's record $108m.

The directors attribute the improved results mainly to successful cost control moves and, to a lesser extent, growth in revenue

Great Western to buy Aristar

By Paul Taylor in New York

GREAT WESTERN Financial Corporation, the second largest U.S. savings and loan group, yesterday announced that it has agreed to pay $170m in cash for Aristar, a Miami-based life insurance, underwriting, consumer lending and mortgage company.

The agreement marks the latest in a string of aggressive acquisitions by Great Western. Earlier this year the company, which has assets of about $13.3bn, agreed to buy Northern California Savings and Loan Association for about $61m in common shares and in March won a takeover battle to aquire Financial Federation, another California thrift holding company, for $185.2m in shares.

Aristar, with assets of $1.2bn and annual revenues of about $450m, is a wholly-owned subsidiary of Canwest Financial Services (U.S.).

The Florida company is the parent of John Alden Life Insurance, Blazer Financial Services, with 293 consumer loan offices in 21 states mostly in the south and southwest, and a mortgage banking company.

PROFIT LEVELS CUT AS COSTS SOAR

Arms sales slump hits Oerlikon

BY JOHN WICKS IN ZURICH

JUST a few years ago, Oerlikon-Buehrle was one of the most successful industrial companies in Switzerland, with profits expanding and a share price riding close to SwFr 3,000 ($1,468).

Today, profits are in tatters, and after two successive and severe dividand cuts the shares languish at less than SwFr 1,500 – despite the strength of the Zurich stock market since January and a general advance by share prices nf around an eighth.

What has gone wrong for Oerlikon, and depressed this armaments, footwear and hotels group to a point where profits for 1982 have almost disappeared?

The major factor in the fall from grace lies with the difficulties faced by the group's arms division.

At first glance, military products would seem to have done better in 1982, being responsible almost entirely for the overall 4.8 per cent rise in group turnover to SwFr 4.15bn. However, this increase in arms sales followed a 23 per cent decline in 1981 and was due in part at least to orders accepted at depressed prices.

Until recently, armaments were the mainstay of the group and accounted for around half of total turnover and an even higher share of earnings. The fall of their relative importance to only 28.3 per cent of sales in 1981 and about 30 per cent last year is the result nf tight defence budgets and tougher competition.

RECENT PERFORMANCE

	Sales	Net profit	Dividend
	SwFr (bn)	SwFr (m)	%
1978	3.37	228	15
1979	3.39	244	15
1980	4.11	296	15
1981	3.99	24	10
1982	4.15	9.5	5

In contrast with the scarcity of profitable contracts, development costs have been running at high levels. A great deal of cash-flow has gone into the Adats short-range, anti-aircraft/anti-tank missile being developed with the U.S. company Martin Marietta.

It is the biggest single military project ever launched by Oerlikon: the SwFr 100m of costs taken by Oerlikon through the balance sheet last year stemmed from the Adats programme. Simultaneously, the group has had to spend heavily on the new Seaguard naval anti-aircraft system.

As promising as these and other military projects are, it will take some time before development costs are amortised. The extra SwFr 25m of provisions announced in April is necessary, particularly in the light of what the board sees as high risk in the military products sector.

Civilian products turnover last year remained almost unchanged on 1981 levels. This was the result primarily of a setback to machine tools. Not only did business fall off in 1982, but the company reports a "very poor trend in orders," which does not auger well

Business has not picked up in the past couple of months despite price concessinns in some product sectors. Like other Swiss machine builders, the Zurich-based machine tool works subsidiary is going through a sticky patch.

Elsewhere, last year saw a marked fall in deliveries to the automotive industry and a slight drop in sales for the welding and textiles divisions.

Otherwise, turnover in 1982 improved for the Bally shoes operation (with sales up to a record SwFr 1.03bn and "very satisfactory" earnings), the Pilatus-Porter aircraft business and such activities as real-estate holdings, the Limmat Insurance subsidiary and the group's three Zurich hotels.

While consumer goods and services together account fnr about a third of group turnover, their generally favourable showing was not sufficient to offset the decline in the military and machinery divisions. This is likely to remain the case in 1983.

Like many nther Swiss industrial companies, Oerlikon has been reducing the pressure by cutting costs. Last year, the group payroll was reduced to about 33,000 emplnyees, compared with 35,200 in 1981 and 37,200 in 1980.

Good response expected for Dutch bond

By Walter Ellis in Amsterdam

A DUTCH Government loan with a coupon of 8¼ per cent and a maturity of 10 years is to be put out to tender next Tuesday. It is expected to attract considerable investor interest.

April's bond market funding by the Government was an 8 per cent loan over 10 years which pulled in a modest Fl 1.2bn of investor cash. Since then the Amsterdam money markets have stabilised.

To some extent the recent bout of guilder weakness has been countered by the Dutch central bank which raised bank rate by one percentage point early last week.

The coupon on the March state loan was 7.5 per cent. This went up to 8 per cent in April, and the latest increase is expected to mark the high point.

Dresdner Bank to join warrants queue

BY JOHN DAVIES IN FRANKFURT

DRESDNER BANK will seek formal approval at its shareholders' meeting in Frankfurt tomorrow to join the rush in West Germany to launch a Eurobond with detachable equity purchase warrants.

Other leading banks – Deutsche Bank, Commerzbank and BHF – have recently launched such issues and Dresdner has organised one for Degussa, the precious metals and chemicals concern.

With a few exceptions, this fund-raising technique has been neglected in recent years, but there has been a spate of issues for West German groups in the past few months. Companies have been seizing the opportunity to offer a lower bond interest rate because of the possibility of capital gains for holders who exercise the warrants to purchase equity in the future at a price based on present market values.

The warrant issues are part of a general renaissance of the West German stock market, spurred by the change of government in Bonn, declining interest rates and faint signs of economic recovery.

The Commerzbank index of West German shares is currently more than 40 per cent above its trough of last August, and turnover on the Frankfurt exchange in the past four months has been nearly as high as in the whole of last year.

Bankers believe that West German companies will increasingly take advantage of the stock market mood to raise new capital this year through such means as rights issues or bonds with warrants.

Last year companies raised nearly DM 6bn ($2.47bn) in share issues in West Germany.

Data General profits alert as orders fall

By Our Financial Staff

DATA GENERAL, the Massachusetts-based manufacturer of general computer systems, has warned that net profit margins for the third and fourth quarters of fiscal 1983 could be flat or lower than the 2.7 per cent margin in the second quarter.

The once fast-growing company, which came under severe pressure last year because of the recession, said it had expected to see orders improve by spring, but they were still below expectation.

Mr Edson De Castro, president, said: "It is clear to us our products are winning increased acceptance among customers at the operating level; but actual orders are being delayed at the senior administrative levels due to hesitation about the pace of the general economic recovery and tight controls on operating capital budgets."

Last month Data General reported net earnings of $5m in the second quarter, down from $5.6m, on revenues of $181.7m.

Spanish shipyards seek to stem losses

BY DAVID WHITE IN MADRID

SPAIN's main state-owned shipyards are expected to present a plan to the public sector holding company, Instituto Nacional de Industria (INI), this month suggesting ways to cut capacity and stem losses which have reached Pta 90bn ($658m) over the last four years.

The alternatives are understood to include a politically explosive proposal to close the two main shipyards at Bilbao, in the volatile Basque region. They are the biggest loss-makers and employ about 6,700 of the 17,000 people working for the principal shipbuilding group, Astilleros Espanoles.

The group also has shipbuilding facilities at Seville and Cadiz, and a marine eogine plant near Valencia. With the Astano shipyard at El Ferrol in north-west Spain, which employs 5,800, production last year totalled 320,000 compensated gross tonnes – less than 60 per cent of capacity.

The state-owned civilian shipyards, developed in the early 1970s to put Spain into the top rank of world builders behind Japan and the U.S., last made a profit in 1975.

Joint losses fnr last year are estimated at Pta 21bn oo sales of Pta 87bn. This deficit, slightly down on the previous year, is similar to that of INI's principal lossmaker, the buge Ensidesa steel group.

Financial costs are estimated to account for as much as Pta 15bn of the loss.

Despite cootinuing under-use, the shipyards have bad no major recoo-version nr cutback as in nther European countries.

The productinn outlook this year is perhaps even poorer, despite curreot negotiations with Cuba for eight 18,000 toone vessels.

Exports accounted for 78 per ceot of the productioo of the two state groups last year, and about Pta 60bn of turnover. Industry experts argue that the degree of support from the national market is lower than io other European shipbuilding countries.

Venezuelan to sue Flagship over Sun bid

By Our New York Staff

VENEZUELAN entrepreneur Sr Juan Vincente Perez Sandoval, the second biggest shareholder in Flagship Banks of Florida, is planning to sue Flagship and its investment advisers, Lehman Brothers, for turning down a $290m bid from Sun Banks.

Sr Perez and his investment company, Inversiones Credival, own 9.9 per cent of Flagship and have an option to buy another 11.7 per cent of the fast-growing Florida banking group. Sun Banks of Orlando made an offer worth aroung $35 per share for Flagship which Sr Perez and associates supported. The offer, a combination of cash and common stock, was at a premium of roughly 50 per cent over Flagship's book value.

Pan Am set to recover

By Paul Taylor in New York

MR EDWARD ACKER, chairman of Pan American World Airways, the major U.S. airline, told the annual meeting that the company will do "substantially better" this year.

Last year the company reported a net loss of $485.3m against a net loss of $16.9m in 1981, including a $368m pre-tax gain from the sale of its hotel subsidiary. In the last quarter Pan Am reported a $79.6m net loss.

Value Line goes public

By Our New York Staff

VALUE Line, which publishes one of the leading investment advisory services in the U.S., has gone public with a 1.9m share issue priced at $17 a share to raise $32.3m.

The share offering leaves Arnold Bernhard and Company, a company controlled by Mr Bernhard, its 81 year-old chairman, his family and some employees with the remaining 8.1m shares outstanding in Value Line.

INTERNATIONAL COMPANIES and FINANCE

French move on imports hits JVC

BY YOKO SHIBATA IN TOKYO

VICTOR COMPANY of Japan (JVC), the leading audio equipment manufacturer and the developer of the VHS video cassette recorder system, has reported a setback in earnings for the year ended March 31. The company was hit by the six-month long French import restriction on Japanese VCR, dubbed the "Battle of Poiters."

JVC's full year operating profits fell by 18 per cent to Y40.2bn ($174m). Unconsolidated net profits were 1.7 per cent lower at Y19.2bn, on turnover of Y497bn ($2.1bn), up by merely 0.6 per cent from the previous year. Unconsolidated full year profits per share fell to Y92.27, from Y112.73. The final dividend is held at Y6.25 for an unchanged Y12.5 total.

The company suspended its supply of VCRs to Thomson Brandt of France on an OEM (Original Equipment Manufacturer) basis when the French import measures were introduced last November. As a result, exports of VCRs to France fell Y15bn short of the original target of Y30bn.

Price cutting in both domestic and overseas markets on the part of Japanese makers, as well as a rapid shift in consumer demand towards lower-priced VCRs, were also responsible for a Y10bn shortfall from the original sales targets for last year.

As a result, sales of VCRs and related equipment rose by only 6 per cent to account for 68 per cent of the total.

Sales of audio equipment fell by 12 per cent to account for 18 per cent of turnover with performance affected by lower sales in Europe resulting from excessive inventories in the first half of the fiscal year. Sales of television sets were down by 6 per cent to account for 9 per cent of the total having been hit by the deterioration in the balance of payments of several important Latin American countries.

Owing to weaker prices for VCRs and VCR tapes in Europe, and to cuts in production of audio equipment and VCRs, the company's costs to sales ratio deteriorated by 1.5 per centage points to 74.1 per cent. Higher depreciation and interest payments, resulting from heavier investment, also hit earnings.

In the current year to March 1984, JVC believes sales of VCRs will stay et the 1982-83 level, because of the Japanese government's decision to restrain VCR exports to the EEC. On the other hand, TV sales are expected to increase by 20 per cent because of strong replacement demand.

Thanks to a run-down in overseas inventories of audio equipment, sales in this field are expected to grow by 10 per cent. As a result, JVC expects total sales for the year to increase by 4.5 per cent to Y520bn.

However, a slump in sales of the group's main earner, VCRs, and e continued higher level of depreciation payments may weigh on earnings. Operating profits are projected at Y36bn, down by 10.5 per cent, and net profits et Y15bn, down by 22 per cent, from 1982-83. However, the company again intends to hold the dividend total at Y12.5 per share.

Coconut bank buys stake in San Miguel

By Emilia Tagaza in Manila

A POWERFUL partnership in Philippine business was sealed on Tuesday with the election to the board of San Miguel Corporation, the country's largest publicly quoted company, of three officials of the United Coconut Planters' Bank (UCPB), a leading commercial bank which controls the country's coconut industry.

At a San Miguel stockholders' meeting, Mr Andres Soriano Jr, the chairman, said that a substantial portion of a block of shares recently unloaded in the market had been purchased by the "coconut industry," represented by Mr Eduardo Cojuangco Jr, the UCPB president. Mr Cojuangco is expected to be elected as San Miguel's vice-chairman.

The block of shares, roughly equivalent to 20 per cent of San Miguel's capital, was sold by Mr Enrique Zobel, the company's former vice-chairman who had raised questions on Mr Soriano's leadership. In a bid to exert greater influence over San Miguel's management, Mr Zobel, who is also president of Ayala Corporation, the property and banking group, went on a buying spree of San Miguel shares. However, he re-sold most of the shares when Soriano launched his own buying binge, offering a higher bid for the shares.

Mr Soriano also said that he is accepting UCPB's vice-chairmanship, which was offered to him at the same time that the bank offered to sell preferred shares to San Miguel. UCPB has raised its authorised capital to 1bn pesos (U.S.$103m) to formalise its status as a "universal bank,"—a bank with an expanded capital base which the Central Bank allows to invest in shares of other companies. In raising its capital, UCPB issued 750m pesos worth of preferred, non-voting shares.

Mr Soriano assured the stockholders that although the preferred shares do not give voting rights, San Miguel will be represented on the bank's board.

Observers have been quick to point out that the entry of UCPB into San Miguel might have raised the Government's interest in San Miguel. Although UCPB is a private bank formed mainly by the Price Stabilisation Fund of coconut farmers throughout the country, it is administered by Government figures.

Earnings and dividend up at Israel Phoenix

By L. Daniel in Tel Aviv

ISRAEL PHOENIX Assurance Company, in which Phoenix of the UK holds 40 per cent, reports consolidated net profits for 1982 of Shl 175m. This represents a rise in nominal terms of 141 per cent and of 11 per cent in real terms, even though the company increased its allocation to its special risk fund to Shl 162m from Shl 49m.

The profit does not reflect the excess of the market value of the company's holdings of shares and negotiable bonds above the book value, which by the end of the year reached Shl 730m (US$21.7m at the year-end exchange rate).

Earnings per Shl 1 share came to Shl 3.40 and the company will pay a further 17.5 per cent cash dividend on top of an earlier 15 per cent interim cash payout, plus 150 per cent in the form of bonus shares (1981: 27.5 per cent cash, 100 per cent bonus).

One of Israel Phoenix's fully owned subsidiaries is the City Fire Insurance Company of London.

Beer sales lift SAB net 19%

BY BERNARD SIMON IN JOHANNESBURG

A SUBSTANTIAL rise in beer sales and tax allowances on new investments enabled South African Breweries (SAB) to lift attributable earnings by 19 per cent in the year to March 31, despite an accelerating downturn in overall consumer spending.

Net income rose to R198.3m ($182m) from R167m and operating profit to R398.4m (R311.9m). Revenues climbed by 42 per cent to R4.3bn (R3.1bn).

The group, South Africa's largest consumer products manufacturer and distributor, has raised its final dividend by one cent to 25 cents, making a total for the year of 35 cents (34 cents).

The results of SAB's two major recent acquisitions, Edgars Stores and Scott's Stores, are fully consolidated in the 1983 results and included on an equity accounted basis for the few months that they formed part of the group in 1982.

SAB has a monopoly of the beer market. Its other interests include department, clothing, and furniture stores, hotels, wine and spirits, and furniture and footwear manufacturing.

Blacks account for over two-thirds of the beer market, and the 9 per cent rise in SAB's ber sales volumes last year suggests that the recession has not yet significantly dented black spending power, despite rising unemployment.

The directors expect the deepening recession, exacerbated by a severe drought, to dent household spending in the year ahead.

They said that the group has set a target for the coming year of maintaining 1983 earnings per share of 78 cents.

SAB's assets grew to R2.5bn at the end of March, from R1.9bn a year earlier. The proportion of interest-bearing debt to shareholders funds rose slightly to 55 per cent.

The group has announced several senior management changes, but denied rumours that they were linked to tensions among top executives in its retail divisions.

Mr Meyer Kahn, at present chief executive of O.K. Bazaars department store chain, is to become deputy group managing director of SAB. Mr Adrian Bellamy, Edgars' chairman, and an SAB director, has resigned to take up an unidentified post abroad.

APM counterbids for Amatil unit

BY LACHLAN DRUMMOND IN SYDNEY

AUSTRALIAN PAPER Manufacturers (APM) is to make a counter-bid of A$4 a share for Fibre Containers, an offshoot of the food, drink and tobacco group Amatil, which is itself 41 per cent owned by BAT Industries of the UK.

The bid, which values FCL at A$53m (US$46.3m) and Amatil's 71 per cent holding at A$43m, compares with the A$3.50 a share already offered by the private Smorgons Consolidated Industries group.

However, both bids must first clear the hurdle of the Trade Practices Commission, which expects to report early next week on whether success for either party would leave APM or Smorgons in a position to dominate or control the fibre container conversion industry.

Amatil has yet to respond to either the Smorgon formal offer or the intended APM bid.

The Commission began pre-emptive inquiries this week after APM boosted its stake in FCL from 8 per cent to 18 per cent after the Smorgons bid was announced last Wednesday.

APM provides 75 per cent of the paper board raw materials for the converters and, after earlier rationalisation steps designed to secure outlets for its paper board, has 40 per cent of joint venture converter James Hardie Containers, which has about 30 per cent of industry capacity.

The Smorgons group has around 8 per cent of the conversion capacity and makes up the bulk of the remaining raw material supplies. FCL holds about 20 per cent of conversion capacity.

APM has been quick to play down its influence at Hardie Containers and the Smorgons group has not said it will devote all its raw material output to its expanded conversion interests, but bare figures give some idea of the reasons for the Commission's concern.

MPH profits fall despite 87% jump in turnover

BY WONG SULONG IN KUALA LUMPUR

MULTI-PURPOSE HOLDINGS (MPH), the diversified Chinese Malaysian group, recorded a disappointing performance for 1982 with pre-tax profits falling by 10 per cent to 21.9m ringgit (U.S.$9.6m) despite an 87 per cent increase in turnover to 313m ringgit.

Apart from its lottery subsidiary, Magnum Corporation, all the group's major subsidiaries, involved in plantations, property development and trading, suffered declines in profit because of the recession.

However, net profits were boosted by an extraordinary gain of 30m ringgit from the sale of investments, with the result that the final net profit was 37m ringgit compared with 12.8m ringgit.

As in the past, MPH is not declaring e dividend. The directors said profits would be retained for further expansion—the group recently announced it was going into shipping.

The company's 42 per cent owned associate, Bandar Raya Developments reported a pre-tax profits decline of 55 per cent from 19.4m ringgit to 8.8m ringgit because of sluggish sales of houses and condominiums.

VONTOBEL EUROBONDINDIZES

WEIGHTED AVERAGE YIELDS

PER MAY 10 1983

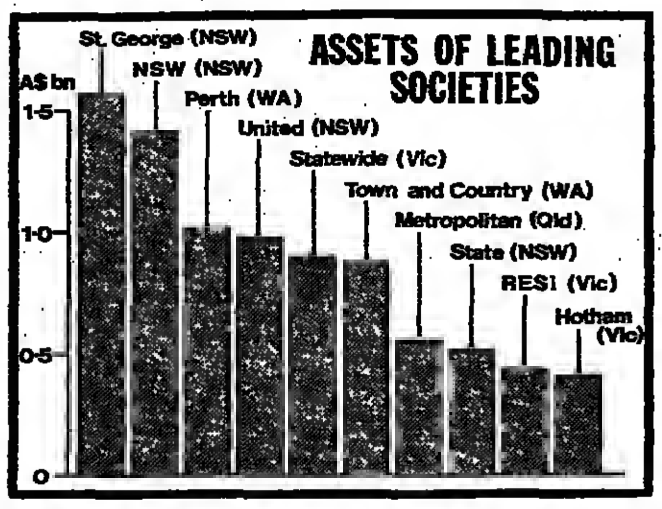
	Today	INDEX Last week	% Year's High	Year's Low
US$ Eurobonds	11.48	11.52	12.22	11.48
DM (Foreign Bond Issues)	7.42	7.39	7.79	7.23
HFL (Bearer Notes)	8.08	7.81	8.08	7.43
Can$ Eurobonds	12.70	12.70	13.55	12.70

J. Vontobel & Co. Bankers, Zurich – Tel: 010 411 488 7111

Australian building societies join up in fight against banking inroads

BY COLIN CHAPMAN IN SYDNEY

Plans to merge two Australian building societies into far and away the biggest in the country are opposed by a third. A fall of 25 per cent in the number of societies in Australia in the past year, however, reflects the way the industry is reforming itself. Federal control under the Hawke Government offers to cut costs, and the societies are set on competing against the banks.



AUSTRALIA *is headed towards* a new order of national building socieiles, as competition from banks and tha installation of updated computer technology forces mergers to take place and consortia to be set up.

At the same time, tha Australian Association of Permanent Building Societies and the various state registrars have almost completed drafting a National Building Societies Act as a model for countrywide uniform legislation.

Merger activity has gained pace during a year of increasing competition and reduced growth, with the industry comprising only 90 aocieties compared with 120 a year ago. Even this reduction in numbars underestimates the pace of ratlooalisation, with soma *of* the country's biggest societies currently contemplating marriages of convenience.

After contemplating a proposal from the highly marketing oriented NSW building society, the United Permanent Building Society decided it would prefer to merge with the St George Building Society to form St George-United.

If members of both societies vote at secret ballots being conducted this month to accept the move, this will be Australia's largest society, with assets of A$2.9bn.

To put this in perspective, the new society will be roughly one tenth the size, in staff numbers, assets, and branches, of the Westpac Banking Gorporation, formed last year by the merger of the Bank of New South Wales and the Commercial Bank of Australia.

St George-United will hold 50 per cent of the building society market in New South Wales, the country's most populous state, and handle around one-fifth of the nation's business. St George has at present 159 branches and United 125—with 77 locations served by both societies.

But the *proposed* merger could be upset by a later proposal from the New South Wales State Building Society, controlled through share capital and board seats by the government-controlled State Bank of NSW, to join up with United Permanent.

The State Building Society has mounted a major campaign to disrupt the proposal, and to persuade shareholders to accept its own merger bid. It has argued that the St George-United marriage would create a near-monopoly, and believes its own offer would better suit United, its members and staff, *and the industry in general. In* this it has had the vocal support of the Premier, Mr Neville Wran.

It sent four busloads of people to a United members' meeting at a Sydney racecourse last week to vote on the proposal, but it is extremely difficult to tell how the secret ballot will go. The State has assured United's staff that their jobs would be safe with its proposal, and has even guaranteed that branch managers would keep their staff cars.

There is no doubt that the St George-United merger would mean a greater rationalisation of the industry, but directors have pledged to employ all present staff at no less a *position than currently enjoyed,* while reducing numbers through natural attrition. The combined advertising budget of A$7m will also be substantially trimmed.

St George bas also taken the initiative in the formation of a consortium of six of the major interstate societies, including the Resi in Melbourne. The consortium, registered in Canberra, can muster about A$1bn in liquid assets invested in short-term securities, mainly in the money market.

Apart from deciding on common policy on investment, under an executive employed to look after their common interests, the societies in the group will operate a computer network, with lower software and data base costs.

Once the merger is completed, the banking sector is likely to feel the full blast of *competition from* the *building* societies, which have been spoiling for a fight ever since the Campbell Committee Inquiry into financial institutions recommended a freeing up of the regulations governing banking licensing for special purpose housing banks. As such, the banks offer attractiva partnership opportunities for overseas interests seeking retail finance outlets in Australia, although this prospect has been ruled out for the present by the Hawke Government. But St George has been the recipient of many inquiries from foreign banks, and the group would be well placed in any new talks.

Under the Hawke Government, the building societies will *be controlled federally through* the Financial Corporations Act, and this will remove the remaining obstacles to inter-state building society mergers, which will reduce costs.

From this point of view, the larger societies, at least, welcome tha new Government. The Association of Permanent Building Societies said in its just-published annual report: "Changes to legislation governing building societies are essential if societies are to progress as competitive, viable and secure institutions under state legislation, fulfilling their commitment to housing finance.

"Without legislative reform, it is possible that some societies will elect to move out of building society legislation, possibly into banking or general commercial legislation."

The societies feel strongly *that* the *Fraser Government* (lately replaced by tha Hawke) "competitively favoured other institutions at the expense of building societies." What they have in mind is tha freedom given to state electricity authorities, in particular, in borrowings.

"The association is particularly disappointed that the Federal Government did not go *far* enough in placing commercial tests on state electricity authorities when it decided to free their domestic borrowings from Loan Council control," the annual report says. "Other borrowers in the capital markets cannot compete on an equal footing with institutions which are frea to borrow without being *subject to normal commercial* and market pressures."

The association also argues that significant deregulation of the banking system has improved the competitive position of banks in relation to building societies. The banks no longer have to insist on a month's notice for savings banks withdrawals, they can offer small fixed-term deposits for up to four years, and trading banks are no longer constrained by a 12 per cent annual ceiling in lending growth.

This, combined with the impact of the highly successful cash management trusts, which invest on the short-term money market, has made life very difficult for the building societies.

INTERNATIONAL APPOINTMENTS

● **Mr Timothy Haddon** has been appointed vice president, AMAX IRON ORE CORP. Mr Haddon will reside in Sydney, Australia.

● **Mr S. R. Parikh**, has been appointed as marioe treaty underwriter with ARAB INSURANCE GROUP based in Bahrain.

● **Mr Creig Coogan** has joioed the oil and enargy departmeot of the BANK OF SCOTLAND as a senior oil consultant, located at the bank's Houston representative office. Mr Coogan has over 30 years' experience in the exploration and production side of the U.S. oil industry, including over five years vice-president for domestic production and engineering with Ashland Exploration Inc.

● CHEMICAL BANK has appointed **Mr Aymard da Lasteyrie**, vice president, to be ganeral manager of its Paris branch. He was based in New York where he was worldwide account manager for U.S. chemical corporations within the multinational division of Chemical's world banking group. Ha succeeds **Mr James Frost**, now promoted to senior vice president, who is transferring to tha bank's financial institutions division in New York where ha will be in charge of the domestic sector.

● THE CHASE MANHATTAN BANK NA has made **Mr William M. Rowan**, vice presideot, country manager for Switzerland. Ha replaces **Mr. Peter Holzer**, vice president, who has returned to New York to bead the Chase Private Banking Group. Mr Rowan was formerly country manager, Belgium, a position which has been filled by **Mr Joseph Robinet**, vice presideot. Mr Robinet was the European area product developmeot aod marketing executive in Loodon. He bas been succeeded by **Mr Michael A. Gallagher**, vice president.

UK COMPANY NEWS

Second half boosts Kwik-Fit to £2.87m

AFTER e sharp second half upturn in pre-tax profits from £113,000 to £1.3m, the taxable surplus for Kwik-Fit (Tyres & Exhausts) Holdings for the year to tha end of February moved ahead from £1.56m to £2.87m. Turnover improved from £34.37m to £43.39m.

The new financial year has started well, say the directors—in April tha offer for Crest International Securities went uncooditional.

The oet final dividend has been effectively lifted from 0.62p to 0.75p after allowing for this year'e one-for-10 scrip. The total is raised from an adjusted 1.24p to the equivalent of 1.43p. Net earnings per 10p share are shown as moving up from 3.57p to 4.39p.

At the trading level, profits rose from £1.07m to £2.42m to which was added £499,970 (£241,106) property and investment income.

Yorks & Lancs falls

After tax of £13,613, against £34,523, revenue of tha Yorkshire and Lancashire Investment Trust came out well down at £10,095 for the six months ended March 31 1983 compared with £73,333.

The interim dividend is omitted (0.65p). The directors say that since January 17 last they have been concentrating on reconstructing the company's investment portfolio. This oew strategy w prdeculio wtdr ET strategy will produce e lower yield than in previous years and so the final dividend will oot be maintained (1.35p).

G. R. (Hldgs.) down

Pre-tax profits at GR (Holdings), merchant, dresser, tanner, dyer, manufacturer and retailer of sheepskins and furs, fell from £11.21m to £10.5m. The six months to December 31 1982. Group turnover was elso down from £11.21m to £10.5m. The interim dividend is unchanged at 1.6p—last year a final of 5.4p was paid from pre-tax profits of £1.88m.

Tax was down from e re-stated £415,000 to £325,000, leaving ettributable profits et £528,174 compared with £699,027. Stated earnings per 25p share were 10.8p (14.9p re-stated).

Construction side pushes Trafalgar House to £34m

FOLLOWING A surge in the trading surplus on construction activities, taxable profits of Trafalgar House advanced from £27.72m to £33.56m in the first half to March 31 1983.

And with earnings per 20p share given higher at 10.3p (7.4p) — after extraordinary items—the interim dividend is being raised from 3.5p to 4p net. Last year a total of 7.2p was paid from pre-tax profits of £65.56m.

Mr Nigel Broackes, chairman, says there are clearer signs that confidence is returning to the UK economy and he looks forward to reporting "another record year."

Construction profits—including housing—jumped from £16.67m to £25.39m which matches the group's best expectations. There is also an improved outlook for the North Sea steel febrication business following the Chancellor's relaxation of tha oil and gas tax regime in the last Budget. House building figures are better than for many years Mr Broackes ootes.

Property and investment orofits slumped from £31.37m to £8.46m and Mr Broackes says these ectivities will become less prominent in the group's results, as other sectors grow.

Shipping, aviation and hotels contributed £5.42m, against £3.9m. Passenger shipping (Cunard) seems set for a record year, although cargo conditions continue to be difficult Mr Broackes adds. The oil and gas interests are advancing as predicted.

During the half year the final consideration for the purchase of Redpath Dorman Long was agreed and the trading results of that company have been included in the figures.

The profit on the sale of Broad Street House is tocluded in the results but is not significant in relation to the group's pre-tax profits.

Turnover advanced from £495m to £614m.

Taxable profits were struck after interest payable of £5.71m (£6.22m). Tax took £7.72m (£9.7m), there were minority interests of £362,000 (£659,000), extraordinary debits of £713,000 (credits £554,000) and preference dividends of £40,000 (same) leaving attributable profits £24.73m (£17.87m)

See Lex

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considerlag dividends. Official indicationn nre not available as to whether the dividends ara interims or finals and tha subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: eOC, Cambriae and General Securities, Lloyds and Scottish, North Atlantic Securities, TR Technology Investment Trust, Vaux Breweries, Warner Estate.

Finals: Bank of Ireland, Beatwood, Francis Parker, Hartons, Hawtin, Holt Lloyd International, Holyrood Rubber, Hongkong (Selangor) Rubber, J. S. O. Computer International, Kuala Selangor Rubber, Porter Chadburn, Seccombe Marshall and Campion.

FUTURE DATES

Interims:

Amber Day	May 13
Pict Petroleum	May 27

Finals:

Anglo American Corp. of South Africa	June 1
British-Borneo Petroleum Syndicate	May 18
Courtaulds	May 20
East Midland Allied Press	June 15
Monks Investment Trust	†May 25

† Amended

Aberdeen Const. £5.3m rights

THE Aberdeen Construction Group is calling on shareholders for £5.3m oet of expenses via e one-for-two rights issue at 100p per share.

The announcement coincided with the group's results for the year to end-December 1982 which showed profits before tax sharply ahead at £4.9m, compared with £3.8m for 1981.

An increased final dividend of 5.4p (4.77p) raises the net total by 0.83p to 8p per 25p share. In the absence of unforeseen circumstances the directors say they expect to pay dividends totalling oot less than 6.5p on the enlarged capital for the current year.

Explaining their reasons for tha issue the directors say as they propose to retain the Hill of Rubislaw development et Aberdeen as an investment property for the benefit of the group they considered it an appropriate time to raise additional equity finance.

Group turnover for 1982 expanded from £77.18m to £86.76m. Tax rose to £2.07m (£1.35m), minorities accounted for £882,000 (added £129,000) and attributable profits emerged at £2.83m (£2.45m).

Earnings per share edvanced from 22.23p to 25.61p.

● comment

Aberdeen Construction's rights issua comes at a time when borrowings to finance tha final £10m phase of the £40m Hill of Rubislaw office development were threatening to exceed shareholders' funds within tha next 18 months. Gearing oow stands et under 30 per cent, and even after the rights issue money could rise above 60 per cent of the enlarged capital by the time Rubislaw is complete et the end of 1984. However, the group's decision to retain the development could double its net asset valoe to around 400p per shere by the completion date. The medium-term loan is essentially part of the same package, but will also be used to acquire new development sites. In addition, the group is likely to need some of the cash to finance a 12- to 15-year £60m industrial development south of Aberdeen, which is yet to be finalised, and which will not be kept as an investment. Increased finance charges are likely to offset any profits advance in the current year. Assuming the same again in 1983, the shares, op 12p to 240p, stand on prospective ex-rights p/e of 16.5.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Aberdeen Const.	5.4	July 2	4.77	8	7.17
Baggeridge Brick int.	1.5	Aug. 9	1.25	—	4.38
City of Oxford Tst.	4.1	June 18	3.75	5.85	5.5
Coats Patons	2.8	July 1	2.6	4.2	4
Dares Estates	0.75	July 11	0.75	1.25	1.25
External Inv.	5.5	July 5	4.8	10	9.3
Feedex Agriculture	0.65	July 1	0.65	1.15	1.15
G.R. (Holdings) int.	1.6	July 5	1.6	—	7
Matthew Hall	4.94	July 1	4.03	6.14	5.12
Jessups int.	1	July 1	nil	—	2
Kwik-Fit	0.75	—	0.62*	1.43*	1.24*
Lee Cooper	2.1	July 4	1.86	3.33	3.02
Oil Inspection‡	1.3	—	—§	2.3	—
Spear & Jackson	nil	—	3	1	6.58
Trafalgar House	4	July 1	3.5	—	7.2
TransAtlnt Gen sec. int.	4.7	June 28	4	8	7.3
Whessoe int.	2.5	—	2	—	5
Witan Inv.	1.2	—	1.1	2.25	2.1
Yorks & Lancs. int.	nil	—	0.65	—	2

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Commenced USM trading June 1982.

Engineering sector aids Matthew Hall

A SUBSTANTIAL increase in the engineering companies' contribution has resulted in Matthew Hall and Co. reporting pre-tax profits up from £10.34m to £11.84m for 1982. Turnover of this oil and chemical engineer climbed from £329.25m to £413.15m.

Trading profits improved from £5.81m to £7.06m, with mechanical and electrical engineering contributing £3.34m against £3.13m. Oil, gas, coal and chemical engineering increased its share from £2.68m to £3.72m.

The pre-tax figure was after oet interest receivable of £4.58m (£4.53m). Tax was higher at £3.98m (£2.09m) and this was after crediting £579,000 (£1.52m) of ACT written off in previous years, and includes £1.64m (£1.9m) of stock relief. The final dividend is raised from 4.03p to 4.944p net for a total up from 5.116p to 6.139p, an tocrease of 20 per cent.

After dividends, which absorb £2.1m (£1.75m), retained profits came out at £5.56m (£6.52m). Stated earnings per 25p share fell from 24.18p to 22.39p on an historical basis, and from 21.94p to 19.29p on a CCA basis.

● comment

Matthew Hall's 12 per cent increase in pre-tax profits was rather better than the group's — albeit cautious — interim forecast. The liveliest performance again came from the oil, gas, coal and chemical engineering division, while the mechanical and electrical side was held back less than anticipated by the cost of regrouping its UK operations. Barnard and Burk in the U.S. produced e disappointing $800,000 against expectations of around double that figure, hampered by a wrong estimate on a major contract and depressed markets. But fts interests in process plant maintenance and refurbishment mean it should be able to respond quickly to U.S. industrial recovery. In tha current year, the mechanical services and engineering divisions have pulled in contracts worth more than £68m and the group expects to see more work in the North Sea resulting from changes in petroleum revenue tax. On that basis, £13m pre-tax looks possibla in 1983. Meanwhile, net cash has advanced £4m to £32m, but the group has no immediate plans to usa it for acquisitions. However, it does mention mining and engineering as possible areas for expansion. Tha shares rose 2p to 284p, where the prospective p/e is 12.5 and the yield, 3.8 per cent.

Tyson (Contractors)

Following a steep decline in second half taxable profits from £1.03m to £309,310, Tyson (Contractors) finished 1982 down from £1.48m to £860,899 at the pre-tax level. Turnover of this Liverpool - based construction engineer slipped from £27.33m to £24.15m.

The net dividend has been lifted from 2.1175p to 2.3292p. Earnings per 10p share were shown to have fallen from 29.05p to 16.34p.

Tax for the year rose from £21,579 to £44,033.

Frederick Cooper

Despita e fall in pre-tax profits from £120,487 to £91,588 in the six months to January 31 1983 Frederick Cooper (Holdings) is maintaining its interim dividend at 0.5p net.

Earnings per 10p share were lower at 1p (1.42p). Turnover moved ahead from £7.48m to £8.42m—the group is a processor of cold rolled steel strip and formed sections. It paid dividends totalling 1.55p for 1981-82 from taxable profits of £356,522.

Baggeridge ahead

A sharp improvement to interim pre-tax profits from £74,000 to £300,000 has been shown by Baggeridge Brick for the six months to the end of March 1983. Turnover of this brick manufacturer expanded from £2.26m to £3.15m.

The net interim dividend has been lifted from 1.25p to 1.5p net with earnings per 25p share given as improving from 0.9p to 3.6p.

Pre-tax profits were struck after depreciation £138,000 (£131,000) and interest charges of £15,000 (£16,000). Tax amounted to £156,000 egainst £38,000.

Sheffield Brick

The rights issue of Sheffield Brick has been taken up in respect of 286,219 ordinary shares, representing 72.49 per cent. The remaining 108,621 shares have been sold in the market for a net premium of 9.7066p per share after selling expenses and deduction of the subscription price.

Rentokil on course

Mr W. H. Westphal, chairman of Rentokil Group, timber preservation and pest control concern, said at the annual meeting that the current year had started well and that the company was on course to produce a healthy profit increase.

J. Hewitt & Son

Sales of most products at J. Hewitt and Son (Fenton) remained at a higher level than last year, Mr David Hewitt, chairman, told the annual meeting. He anticipated that the results for 1983 would exceed those for 1982.

Adam Leisure tenders 5m shares at 80p on USM

BY DOMINIC LAWSON

Adam Leisure, distributor of electronic games and video software, is coming to the Unlisted Securities Market in about two weeks' time. Stockbrokers Simon and Coates will be offering 5m shares by offer for sale at a minimum tender price of 80p per share which would capitalise the company at £20m, making it one of the largest companies to come to the USM.

All the shares offered have been sold by existing shareholders, and represent 20 per cent of the issued capital. The chairman of Adam Leisure, Mr Christopher Rycroft, said yesterday: "We are coming to the USM in part to realise some of our original investment, but also to enhance our reputation in the industry." Mr Rycroft, one of the founders of the company, will hold about 73 per cent of tha equity, but has agreed to waive his dividend for the year to August 1983.

Adam Leisure was formed in 1974 as a distributor of electronic calculators. In 1977 it entered the video games market, and the following year became a 75 per cent owned subsidiary of Bassetts Foods, in order to help finance its growth. But in 1981 Bassetts sold its nonconfectiooery interests, and so the current owner, Mr Rycroft, who founded the company, bought back the 75 per cent holding for about £364,000.

Adam's recent growth has been spectacular. In the 17 months to August 1980 pretax profits amounted to £100,000. For the year to August 1981 profits rose to £1.28m, and the company forecasts a pre-tax profit of at least £3m for the current year.

The minimum tender price of 80p puts the shares on a prospective fully taxed p/e of 13.8. The proposed dividend would yield just over 3¼ per cent. As at February 1983 Adam had net cash of £1.4m, but Mr Rycroft said "when we are on the USM we would consider funding acquisitions with paper."

● comment

Looking at Adam Leisure's stupendous profit record over the past four years, it is easy to see why there has been such carnage among the traditional toy manufacturers. But ft should be noted that Adam's £3m pretax forecast follows interim profits of £2.86m: so it is es prone to seasonal factors as any other toy company. Therefore its imminent move into the personal computer business makes a lot of sense, even if that sector is equally prey to the whims of fashion. Adam's three year contract for tha exclusive UK rights for the distribution of Imagic software looks fine at the moment, but it is not clear how free Adam will be to distribute rival cartridges, should the next generation of Imagic games fail to grip the public's imagination. The company has a 75 per cent share of the UK market in its main business, but given that market's growth, Adam could lose share and still be happy.

Castle (GB) to raise over £1m

THE FAST growing distributor of kitchen furniture and bathroom fittings Castle (GB) is arriving on tha Unlisted Securities Market by way of e placing.

Charterhouse Japhet has placed 3.6m ordinary 25p shares at 80p each. That includes 1.5m shares being sold by Castle to raise £1.08m of edditional working capital.

Castle was formed in 1976 by three directors of the kitchen furniture division of Burco Dean. Despite the severity of the recession in the furniture industry, Castle's pre-tax profits in the four years to July 1982 have grown from £93,000 to £902,000.

In the same period sales have spiralled from under £1m to more than £10m. For the current year to July 1983 the company forecasts that taxable profits will be not less than £1.1m.

At the placing price the company is capitalised at £9.6m, and the fully taxed prospectiva p/e, based on tha weighted average of shares notionally in issue during tthe year, is 16.43. The gross dividend yield based on annual dividends totalling 2.5p net, is 4.46 per cent.

All of Castle's kitchen products are manufactured exclusively for the group by the West German company Rational, and are sold under the Castle name throughout. more than 500 specialist kitchen retailers.

In the summer of 1981 Castle began distributing bathroom products, and now sells e wide variety of complete bathroom suites through a network of 280 specialist dealers.

Castle ettributes its success particularly to its close involvement with suppliers in the design process, and fts stability to deliver to anywhere in the UK out of stock within three days.

In 1980 Charterhouse Development Capital, part of tha Charterhouse Group, made a £327,000 investment, in return for a 27 per cent stake in the equity. After the placing CDC will hold 17.2 per cent of the equity, worth £1.65m. The directors interest will be just over 50 per cent.

Brokers to the issue are Grievesoo Grant. Dealings should begin on May 17.

● comment

Castle (GB) may not be as high tech as most of the companies currently streaming onto the USM, but fts compound growth rate of 76 per cent over the past four years, is e record of which many electrical stocks would be proud. However the share price takes full account of that. Virtually all Castle's products are imported, so there is always the possibility of currency mismatching. The bathroom side is oot yet profitable but should be next financial year, with consequent benefits to overall margins. An interesting sideline is the company's 11 per cent interest in a French company which makes baths out of SMC—as light as ecrylic which is as rigid as cast iron. Watch out, Spring Ram.

Coats Patons £2m up year end

SECOND half pre-tax profits of Coats Patons, threads, yarns, fabrics, fashion garments group, moved ahead from £46.7m to £50.9m and lifted the figure for the whole of 1982 to £76.9m, compared with £74.8m in the previous 12 months.

Turnover for the full period rose £55.8m to £856.2m and the dividend is increased to 4.2p (4p) net per 25p share with a final payment of 2.8p.

Sales for the first quarter of the current year are unexciting, the directors say, and they feel the year could be another difficult one.

An analysis of turnover and trading profits—down slightly at £85.5m (£86.4m) — shows: leisure and craft products £218.9m (£191.1m) and £28.4m (£21.7m); retail shops/fashion wear £104.1m (£95.2m) and £9.5m (£8.9m); home sewing products £129.5m (£134.1m) and £28.1m (£27.8m); precision engineering and diecasting £67.5m (£53.3m) and £10.1m (£8.9m); industrial sewing products £179.6m (£177.5m) and £17.9m (£23.1m); yarns and fabrics £69.8m (£73.7m) and £2.3m (£2.2m); leisure wear/underwear £89m (£89.1m) and £1.8m (£5.1m); restructuring and start-up costs £7.3m (£5.5m) and £7.7m loss (£8.3m loss); central research and management expenses £4.9m (£5m); inter-company sales £9.5m (£9.1m).

Directors say the group's major UK businesses performed well in the market conditions which prevailed. Jaeger and Country Casuals and the branded knitwear companies, comprising the retail shop/fashion wear sector, turned in good results and Patons handknittings reflect a considerable turnround with further progress expected.

Interest charged for the year amounted to £18.3m (£19.5m) and tax took £31m, against £30m. Minority interests accounted for £5.8m (£4.6m) and after increased extraordinary debits of £14.9m (£5.2m), the attributable balance came out down from £35.4m to £25.6m.

The extraordinary items comprised £9.5m of restructuring, involving the closure of two major units in Pasolds, and £5.4m of goodwill written off.

Before these items earnings per share are given at 14.6p, compared with 14.7p.

See Lex

128 companies wound up

Compulsory winding up orders against 128 companies were made by Mr Justice Harman in the High Court

They were: Ramkup, D. T. Hopkins (Painting Contractors), Greatsales, City Chemical Company (Peterborough), Globe Investigations, Abydos Films.

Talcon, Khyber Restaurants, Dawson Print Group (formerly Withart), Quirke Properties, HPB Aviation (International), Bromley Computers, Datamart, Shaw Keenor Contracts.

Billericay Transport Services (Machinery Installations), JVC Decorators, Honess Haulage.

Pro-Sport Imports, Millards Services, W. A. Skinner & Co, KR Automatics, Alpinegrove, Senate Public Relations.

Reg George, Nugalt, Hadchrit, Hannerchain, BJH (Programming), R. Butcher (Surrey), Zincstore.

Powerclean (Portishead), Magnum Opus, RE Construction, Surrey and Hants Homes, Ventilation Equipment and Condition, London Dampcourse (Midlands), Dene Holdings.

Mobile Fork Lift Truck Services, *Dazzling Nite (Mayfair)*, Idaglen, Limehouse Publications, Drewbourne.

Pegasus Promotions, TV Records, Wihtgar, Kelsogate, John Bevan Car Sales, Gridfix Ceilings & Linings, QED, RJR Holdings (North West), W. Owens (Building & Joinery) Company.

Bridgewise, Brook Garage (Chatham), Scrollight Engineering A. E. Lowery & Co, Anthony Young, Raymond Cove Transport, Easibee Computing.

MC Engineering Company (Ferndown), Merryfield Kitchens, World Harvest, Boilerplan, G & M (Manchester), J. H. M. (Worksop), J. R. Pritchard (Chemist), Bristol Air Cargo Containers (Engineering).

Alan Pond Regional, Annco (Wholesale), Domindus, Woolwich Realisations, Alpha Com*puter Systems, Wallpaper Wonderland.*

Tuxworth & Henstock, W. R. Nicholson, A. P. Murray (Sandhurst), Bardfield Plant Hire, The Crimony Company, Suffolk Newlay (London), Dice and Bits and Pieces, Markhouse Gowns.

Leglilt, Yarde Investments, Sparkthorne, Slayreel, Centre One, Toweradel, A. Parker (Laminates), Potton Laboratories, Seaburns (Menswear), Bache Reyleigh Securities.

SR Civil Engineering, Elstree Nursing Home, JDL Consultants, Studio 31, Alpine Ceramics, Cliftonstone, Broadrick, Clark & Parker (Brockley), Crick Garage.

P. J. Cook (Transport), Brooker & Jackson, Pillwise, Spookey, Badja Associates, Honeyway, Track Printing Services.

Liveport, London Ribbons & Carbons, Gee Construction, Swimfame, Waste Gifts, Westwood Recordings, Dreamer, H. E. Smith & Son (Hauliers).

Sidney C. Lacey, Bottoms Up, BMH Electronic Services, M & CA Boulton (Electrics) and MCB Alarms, RM Cook, Interforma (UK).

Roland Royle Howarth, IRM (Catering), Carter Nash Cameron, Flairfair, Brimpave, Pridcrest, Top-O International Dress Manufacturers, Ebbcourt.

A compulsory order made on April 25 against Priceland was rescinded and the petition dismissed by consent.

Jessups restores interim payout

THE CONTINUING increase in the sales of Vauxhall cars has ensured that the recovery seen in the second half at Jessups has been maintained in the first six months of the current year. In the period to February 28 1983, pre-tax profits on ordinary activities were £219,700 compared with losses of £260,700. Year-end profits were £247,610.

Turnover of this Romford-based motor vehicle dealer and body builder and leasing specialist, was up from £15.15m to £19.45m. Cost of sales was £17.98m against £14.22m, and other operating expenses totalled £875,500 compared with £813,800.

Interest payable amounted to £370,300 (£377,300), with vehicles on lease accounting for £196,500 (£166,700) and general funding interest being £148,600 (£166,300).

There was a tax charge of £29,000 this time, leaving attributable profits of £190,700 (£260,700 losses). The interim dividend has been restored after a lapse of one year, the payment being 1p, and directors forecast a maintained final of 2p.

Mr Alan Jessup, the chairman, commenting on the improved sales in the opening half, says there is an increasing acceptance of the Vauxhall-Opel range, further extended by the introduction of the Nova to the small car market.

He says the group performance for March and April was satisfactory and the trend for the year is good.

Royal Insurance continues recovery in first quarter

THE recovery seen in the second half of 1982 at Royal Insurance has continued into the first quarter of 1983. The group reports pre-tax profits of £9.2m against losses of £3.5m. Year-end profits were £96.5m.

With a tax credit of £7.1m (£7.7m) and minorities unchanged at £200,000, net profit attributable to shareholders climbed from (£4m to £16.1m, with earnings per 25p share rising from 2.1p to 8.5p.

Underwriting losses were little changed at £64.2m (£64.1m)—at the year-end they had increased from £102.9m to £166.1m. Investment income allocated to general insurance operations was up from £43.2m to £47.2m, but there was a general insurance loss of £17m—£3.9m lower than in the corresponding period last year.

A breakdown of these shows U.S. losses more than doubled at £23.3m (£10.9m). Both the UK and Canada swung round into profit—the UK contribution being £400,000 (£11.3m losses) and Canada's being £4.5m (£1.5m losses). In Holland, profits were halved at £100,000, and in Australia there were losses of £200,000 (£700,000 profit).

Premiums written on general insurance totalled £498.8m (£432.1m) in the first three months. Long-term insurance profit was up from £3.3m to £4.1m, and investment income attributable to capital and reserves was £19.3m compared with £11.9m. Associates profits were little changed at £2.8m (£2.2m).

The directors say the group is maintaining its firm stance everywhere not to accept business where rating levels are clearly inadequate and recognising that the first three months results were materially affected by weather losses, even though not on last year's scale.

They say it remains as true this year, as last, that the first quarter's figures should not be regarded as indicative of the likely outcome for the full year.

Feedex down but holds dividend

FOLLOWING a fall from £231,000 to £170,000 at halfway, taxable profits of animal feeding stuffs and agricultural machinery concern Feedex Agricultural Industries finished 1982 at £355,000, £77,000 down on the previous year. Turnover expanded from £33.97m to £39.11m.

The directors say the group as a whole experienced mixed fortunes during 1982. There was a notably strong performance by the feed division, good results from the livestock and the merchanting and agricultural services sectors, but losses were incurred by the engineering and newly-formed energy divisions.

Despite current problems of the pig industry, which in the board's view will only ease slowly, there is every reason to hope that the group as a whole will be able to better its 1982 performance in the current year.

Directors say there has been a significant turnround in the engineering sector and much has already been done to improve the position in other areas of the company's business that have experienced difficult trading conditions in recent years.

With the prospect of improved trading conditions beginning to emerge, directors are maintaining the dividend at 1.15p net per 10p share with a same-again final payment of 0.65p.

Interest charges took £323,000 (£284,000) and after tax, £4,000 (£78,000 credit), minorities £14,000 (£15,000) and an extraordinary debit of £44,000 (£76,000)—closure of Green Hammerton Hatcheries — the attributable balance was £294,000, compared with £416,000.

Earnings per share are shown as down from 3.76p to 2.57p.

The feed division achieved an excellent performance and livestock division also had a successful year, the directors state.

As was indicated at the time of the interim report, the engineering division had a poor year, incurring losses of £350,000 (£73,000).

Spear & Jackson final passed as losses hit £1.75m

NO FINAL dividend has been declared by Spear and Jackson International for the year to January 1 1983 after pre-tax losses of £1.75m were shown compared with previous profits of £384,000. Turnover of this maker of steel, saws and hand tools slipped from £30.56m to £28.88m.

Trading losses, the directors point out, include £664,000 redundancy costs. They say that when such exceptional costs are eliminated the underlying trading performance during the final quarter showed an "encouraging improvement" compared with the preceding two quarters.

They say that there has been an encouraging start to the current year and provided present economic conditions prevail, they have some confidence that the group is on the road to recovery.

At the halfway stage pre-tax losses amounted to £854,000 against profits of £330,000. An interim of 1p net was paid which is the total for the year, against last year's 6.575p. For the year losses per 25p share were given as 30.8p against 7.1p earnings

Interest payable decreased from £648,000 to £540,000. After a tax credit of £109,000 (debit £45,000) and extraordinary reorganisation and closure debits this time of £178,000, and including minorities, there was an attributable deficit of £1.81m (profits £379,000).

● comment

Tool makers Spear and Jackson's dramatic fall into the red in 1982 is largely due to the depth of the North American recession, in particular the low number of housing starts. Its U.S. and Canadian subsidiaries supply tools to the lumber industry which is in turn dependent on the construction industry. Exports from the UK to the U.S. were also hit. But 1983 has seen a marked upturn in orders with projected housing starts in the U.S. up from 900,000 to 1.7m for the year and margins are up on the higher volume of business. In the UK a further 200 jobs were shed in 1982 as profits declined further but, again, the signs are for an upturn in 1983. Spear and Jackson has been looking for some diversification from garden tools and has come up with a series of garden products, a new patented micro-organic fertiliser Flourish which is supposed to lessen the frequency of watering and help prevent plants becoming pot bound. It has healthy margins and could make a significant contribution to turnover in two to three years. Spear and Jackson has continued its conservative accounting during the recession taking £664,000 redundancy costs above the line last year. Gearing was 30 per cent at the year end with net borrowings up £1m to £2.8m. The worst seems to be over and a profit of from £750,000 upwards is expected in 1983. The share price fell 2p to 71p.

UK COMPANY NEWS BIDS AND DEALS

Whessoe up sharply and further advance expected

SHARPLY HIGHER profits are reported by engineer Whessoe for the six months ended March 26 1983. At the pre-tax level they rose by £766,000 to £2.89m, compared with the same period last year, and the net interim dividend is being increased by 0.5p to 2.5p net per 25p share.

Results for tha second half are expected to show further improvement.

Turnover for the first half expanded from £46.46m to £52.97m. In heavy engineering some "welcome" new contracts were won and negotiations on further major prospects "are well advanced and promising."

A breakdown of pre-tax profits by division shows: beavy engineering £1.83m (£1.17m), light engineering £491,000 (£480,000) and Aiton (pipework systems and desalination plants) £562,000 (£472,000).

The group's cash position and order books remain strong.

Pre-tax figures were struck after charging depreciation of £1.01m (£1.08m) and included net interest of £855,000 (£496,000) and exchange credits of £194,000 (£141,000 debits).

Tax took £1.28m (£1.16m)—last time there were minority credits of £335,000 and extraordinary credits of £145,000.

Earnings per share amounted to 8.9p (7.2p) pre-extraordinary items.

Aiton UK increased turnover and profit. New order intake was modest in the first half hut negotiations for substantial overseas contracts are well advanced. Aiton Australia also made steady improvement and Aiton Power, Canada, continued to make good progress.

The directors say there is still no new development to report concerning the Qatar claim.

● comment

As expected profits from the two major AGR power station contracts are now coming through strongly to keep Whessoe's pre-tax results moving ahead and approaching £8m pre tax looks possible for the full year. Bnt more important is the pick up in new heavy engineering orders, mainly overseas and some promising negotiations including work for the Victira Dam in Sri Lanka. These promise to sustain the present level of activity as the AGR orders run out in 1984 but at a lower base, capacity having been balved in recent cutbacks. The company has been surprised at the welcome increase in demand and possible orders that has arisen in all divisions. Some slimming of the workforce will be necessary in Ireland bnt otherwise the trimming should be over. However, there must be question marks over how long Canada and Australia can sbow improvement in hostile economic conditions. Overall the strong casb flow continues to pump up the net cash position which should now be around £12m and a major purchase cannot be ruled out in the short-term though a share price that better reflected trading prospects than the fading Qatar claims would belp in sucb a move. Yesterday the price rose 6p to 134p but the prospective p/e around 6 sbows how undervalued the shares remain.

Maurice James in deal with UBM

Maurice James Industries has agreed, subject to contract, to buy an electrical contracting business, UBM-Wares Electrical, from the UBM Group.

The acquisition will effectively date from the end of February, at which date the net asset value of Wares Electrical amounted to £430,000, which will be paid in cash on completion. Trading profits of Wares Electrical for the year to the same date came to £140,000.

Wares Electrical has been established for more than 60 years and operates in the North-east of England. The company is outside the main activities of UBM, whereas MJI has been looking to expand its existing involvement in security and electrical installations.

The acquisition will broaden Wares' sphere of activities to the Midlands, and in return will provide marketing in the North for tha products of DDD (Security Systems), an MJI snbsidiary.

BTR OFFERS EXTENDED

By 3 pm on May 10, tha first closing date, the offers made by BTR to acquire tha ordinary and voting preference shares in Thomas Tilling, not already owned, bad been accepted by the holders of 12,223,886 ordinary (4.2 per cent of the total) and 12,552 voting preference (20.9 per cent).

BTR has now acquired or received acceptances for a total of 38,553,886 ordinary (13.2 per cent).

The offers have been extended until 3 pm on May 24.

BTR says it continues to believe that the offer for Tilling's ordinary shares is generous. The company says that if the offer lapses it believes that tha value of Tilling shares will fall a very long way, particularly in view of current uncertain market conditions.

GOMBA

Gomba, the industrial and holding group, acquired land, buildings and some of the equipment of British Twin Disc in November 1982 and not the entire business as reported yesterday.

Twin Disc International continues to market and service its products in the UK. It has no financial connection with Gomba Trans-Ax.

Bunzl in U.S. paper and packaging deal worth £22m

BY CHARLES BATCHELOR

Bunzl, the UK paper and packaging group, is to acquire seven U.S. companies trading together as Packaging Consultants Inc/Mac-Pak in a deal worth up to £22.4m.

It will pay £9.6m ($15m) immediately for the share capital, and up to £12.8 ($20m) over the next three years provided the U.S. companies achieve minimum pre-tax profits of $6m a year during that period.

Bunzl has spent $30m over the past two years building up a chain of paper distribution companies in the U.S.—a figure which is exceeded by the final deal on its own.

Paper distribntion, inclnding the activities of one Scottish company, accounted for 25 per cent of Bunzl's 1982 trading profit of £10.75m.

"This will make us one of the leading independent distributors of industrial paper and packaging products in the U.S.," said Mr Ernest Beaumont, Bunzl chairman.

"The business of these companies is complementary to earlier acquisitions, both as regards geographic coverage and product and market segments served."

PCI/Mac-Pak supplies packaging products to supermarkets and supermarket chain warehouses, wholesale grocery warehouses and retail grocery stores in the Mid-West and Southern states of the U.S.

Group companies achieved compound annual sales growth of more than 30 per cent between 1977 and 1982, accompanied by compound profits growth of nearly 40 per cent. Expansion has been funded by internally generated cash flow and the companies have net liquid funds.

Bunzl will finance the purchase with medium-term dollar borrowings.

PCI/Mac-Pak's previous owners were Mr Paul Lorenzini, president of PCI, Mr Mac Greeno, president of Mac-Pak, Mr Clark Anderson and 12 other smaller shareholders. These three men and other senior managers will be retained. Mr Beaumont said—"I imagine that for the time being we would take a breather as far as the U.S. is concerned and probably concentrate any further expansion in the UK, Australia and the Far East."

He added that Bunzl was "keeping its options open" with regard to Bemrose, the Derby-based specialist printers for which it made an unsuccessful £16m bid last year. It still bolds 13.8 per cent of Bemrose's equity, hut is barred from making another bid until July.

Bunzl's shares rose 3p to 295p yesterday.

Barton accepts increased Caparo offer worth 42½p

BY DAVID DODWELL

Barton Group, the Birmingham-based tubing, industrial services and engineering gronp, yesterday agreed to accept the terms of an increased offer from Caparo Industries worth 42½p per Barton share.

The new offer, which has been under discussion for almost three weeks, values Barton at £10.15m. It compares with an original rejected cash offer of 33½p a share, worth £7.9m.

Caparo, a steel stockholding, industrial services and engineering group which is 75 per cent owned by Mr Swraj Paul's Caparo Group, said the new offer is for cash and shares. For every 10 Barton shares, Caparo will pay 200p in cash plus 2¼ 8.75 per cent convertible cumulative redeemable preference shares of £1 each.

With news of the acceptance, Barton forecast pre-tax profits for 1983 of £1.2m. This compares with just £400,000, as losses in Canada affected the company's overseas performance.

On completion of the deal, Mr J. Wardle and Mr R. Fordham, directors of Barton, will join the Caparo Industries' board. For Caparo, Mr Paul and Mr James Leek will join the Barton board.

Caparo last week revealed pre-tax profits of £1.22m in 1982—up from £419,000 the year before. In recent months, Caparo has bought E. Austin, Ralph and Co. and Harlock. It has also built up substantial stakes in Brockhouse, Richardson Westgarth and Arthur Lee.

REGALIAN PROPS.

Strongly recommending rejection of tha Davstone (Holdings) offer directors of Regalian Properties say unandited pre-tax profits for the year to March 31, 1983, bave risen to not less than £495,000 (£326,786). This increase confirms their confidence previously expressed, thav add.

RMC ACQUIRES MORE LANDER

RMC Group has acquired a further 15 per cent of Lander Alarms (Scotland) pursuant to and in accordance with the option provisions contained in an agreement dated December 4 1979, under which RMC acquired 80 per cent of Lander.

Total consideration now paid by RMC is £0.7m satisfied by the issue of 50,000 shares and £0.52m in cash.

United Biscuits sees good first half

PRE-TAX profits at United Biscuits were substantially higher in the first quarter than last year, Sir Hector Laing, the chairman, told the annual meeting. He said indications were that results for the first half would be "very good indeed."

In the U.S., ba said, the entry of Frito-Lay and Proctor and Gamble into the cookie market would affect the share of the market of some companies.

In Canada, the improvement was being maintained and the Canadian company should trade profitability this year. On the effect of Nabisco's stronger presence in the UK would have on UB and in the snacks market, he stated that UB and Nabisco had a healthy respect for each other and he believed that would sharpen competition.

Mr Rand V. Araskog, chairman president and chief executive of International Telephone and Telegraph Corporation told the annual meeting that first quarter earnings increased by 3.5 per cent over last year and were expected to show marked improvement for the full year.

While it was too early to make any prediction on the results for the current year, Mr Patrick Radford, chairman of Stag Furniture Holdings told tha annual meeting that "on the whole, things are better." He said both profit and sales for the first quarter were up on the same period last year.

Wolverhampton & Dudley stake in Davenports

Inclnding shares previously owned and taking account of the acceptances to its offer Wolverhampton & Dudley Breweries now owns 33.72 per cent of Davenports Brewery (Holdings).

Wolverhampton directors say that in view of tha encouraging level of support, the offer is being extended to May 25. However, if the offer cannot be declared unconditional (50 per cent or more is required) it will lapse, as will tha preference offer which has been accepted in respect of 50.2 per cent.

LADBROKE INDEX
674-679 (−4)
based on FT Index
Tel: 01-493 5261

Tender offer by water companies raising £6m

BY CLIVE WOLMAN

TWO water companies, the East Anglian and North Surrey, yesterday announced their intention to raise a total of £6m through an offer for sale by tender of a 7 per cent redeemable preference stock, 1988.

The minimum tender price is £101 per £100 nominal of stock and offers, including a £10 deposit per £100 nominal of stock must be received by May 18 at the City offices of accountants Deloitte Haskins and Sells.

The East Anglian water company is raising £4m and North Surrey £2m. Brokers to the issues, which have been underwritten, are Seymour, Pierce.

● comment

The corporate market for redeemable preference stock is a ratber anomalous backwater which is capable of offering handsome returns to those in tbe appropriate tax position. In recent times, only water companies have sought to tap the market, which is understandable in view of the poor deal issuers are getting from the potential takers, namely those who can pass the franked income they receive straight through to their shareholders. But for soma reason, the fully grossed up franked income yield offered by North Surrey and East Anglia at the minimum tender price, of £14.44 per cent, stands at a massive margin of 3.73 per cent over the yield of a comparabla gilt (Exchequer 10¼ per cent 1988). The Folkestone Water Company last month was obliged to offer similar terms to obtain an average tender price of 102¼. Admittedly tbe marketability of such stocks is poor and there is a tiny risk of a default or an unfavourable changa in tax legislation over the next five years. But this hardly justifies a yield margin over gilts which is far in excess of that of any of the recently issued corporate honds.

Dares Ests. hit by £0.4m losses in U.S.

Despite heing hit hy losses of £407,000 in the U.S. 1982 pre-tax profits of Dares Estates, builder and property bolder, fell by only £87,000 to £766,000 compared with the previous year's result.

The directors say £160,000 of the U.S. loss related to specific losses created by the insolvency of a proposed tenant for the group's major office in San Diego.

They warn that until the building there has been substantially let trading income may not be sufficient to maintain dividends at the sama level, and though surplnses will be realised, the dividend policy will have to be reviewed.

However, the dividend for 1982 is being beld at 1.25p net per 10p share by a same-again final of 0.75p.

Turnover fell from £7.43m to £4.08m—the bouse building division was sold in September 1981—and trading profits emerged well down at £171,000, against £315,000.

Oilfield Inspection rises 30%

TAXABLE profits of Oilfield Inspection Services Group advanced hy 30 per cent from £1.04m to £1.35m in 1982, on turnover 27.5 per cent ahead at £11.76m, compared with £9.22m.

In line with its forecast made at the time of its placing on the Unlisted Securities Market in June 1982 the year's dividend of this international group involved in testing, inspection and heat treatment services for tha oil industry is set at 2.3p net per 20p share with a final of 1.3p. Earnings per share are given as 10.7p (10.4p).

Mr C. J. Seward, chairman, saya be is optimistic about the outcome of the current year, although it is already evident that the market will remain difficult and the group will have to continua to fight for new husiness.

This is particularly true in Western Australia and the Middle East, he says. On the other hand the Far East operations are developing rapidly and should make a significant contribution. The American subsidiary has made a good start and is expected to be ona of the main contributors to the group's 1983 growth.

Mr Seward says that in the year under review the group's policy of geographical diversification resulted in increased ntilisation of resources, which enabled a satisfactory growth rate to be maintained. This was achieved against a background of delays or cut-backs in some major construction projects and a recession in the oil service industry.

The North Sea and UK-based operations experienced an upturn and the £2.6m supply contract for the Siberian pipeline was completed. Overseas sales grew by 17 per cent despite disappointing activity levels in certain areas. In Western Australia the company fell below expectations and a temporary plateau was reached.

Taxable profits were struck after interest charges of £198,739 (£205,601) and depreciation of £452,119 (£356,373). Tax took £616,711 (£351,950) and after minority interests of £9,447 (£17,760) the attributable profits emerged at £719,758 (£665,447). Dividends absorbed £162,541 (£33,200).

During the year there was a rise in working capital of £1.05m (£567,041) including an increase in net liquid funds of £487,352 (£222,917).

East of Scotland Onshore owns 21.5 per cent of the company.

RESULTS AND ACCOUNTS IN BRIEF

ARGUS PRESS HOLDINGS (ultimate holding company British Electric Traction)—For 1982: final dividend for 25p share 2.65p making 4.9p (9.3p): turnover £65.01m (£52.63m): pre-tax profits £3.29m (£2.29m): tax—UK £780,000 (£565,000)—overseas £240,000 (£257,000): minorities £16,000 (same): extraordinary losses £411,00 (profits £2.92m): stated earnings per share 22.74p (28.93p): CCA pre-tax profits £2.869m (£1.867m).

ARGUS PRESS GROUP (subsidiary of Argus Press Holdings)—For 1982: final dividend 42p making 51p (29p): turnover £34.71m (£31.95m): pre-tax profits £2.58m (£2.08m): tax £1.4m (£1.11m): minorities £5,000 (same): extraordinary debits £118,000 (£78,000): stated earnings pe share 83.74p (52.64p).

CITY OF OXFORD INVESTMENT TRUST—For year to March 31 1983: final dividend 4.1p making 5.85p (5.5p): total income £417,348 (£393,838): total expenses £64,872 (£65,150): pre-tax revenue £352,476 (£328,688): tax £111,064 (£104,881): stated earnings per 25p share 5.92p (5.48p): net asset value per share 174.5p (139p).

EXTERNAL INVESTMENT TRUST—Results for year ended March 31 1983: Final dividend 6.5p (4.8p) making total 10p (9.3p) net per £1 share. Revenue £1.21m (£988,527) before tax £507,601 (£405,505). Net asset value per share 375.6p (256.9p).

TRANSATLANTIC AND GENERAL INVESTMENTS (investment trust)—For year to March 31 1983: second interim dividend 4.7p (4p) making 8p (7.3p): pre-tax revenue £322,541 (£216,891): tax £188,830 (£92,865): stated asset value per share 205.4p (117.9p).

CRAMPHORN (USM quoted garden and pet supplies distributor) — For 26 weeks to January 1, 1983: interim dividend 5p (same): turnover £4.79m (£4.61m): pre-tax losses £70,000 (£11,000), after interest £59,000 (£76,000): tax nil (same). Since end of half year, although January had relatively good weather, traditional gardening months of March and April wettest since records first maintained. Therefore increase in sales maintained at approximately same level as first half. Chairman anticipates business will improve during May and June.

Granville & Co. Limited

(formerly M. J. H. Nightingale & Co. Limited)

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

Over-the-Counter Market

1982-83 High	Low	Company	Price	Change	Gross div. (p)	Yield %	P/E Actual	P/E Fully taxed
142	120	Ass. Brit. Ind. Ord.	134	—	6.4	4.8	7.8	10.2
158	117	Ass. Brit. Ind. CULS	151	—	10.0	6.6	—	—
74	57	Airsprung Group	62	—	6.1	9.8	17.7	17.7
46	29	Armitage & Rhodes	29	—	4.3	14.8	3.5	5.7
327	197	Bardon Hill	327	—	11.4	3.5	13.7	17.5
148	100	CCL 11pc Conv. Pref.	148	—	15.7	10.6	—	—
270	210	Cindico Group	210	—	17.6	8.4	—	—
86	48	Deborah Services	48	—	9.0	12.5	3.2	6.6
97½	77	Frank Horsell	96	—	—	—	8.0	8.6
96	75½	Frank Horsell Pr Ord 87	94½	—	9.7	8.2	13.5	11.3
83	61	Frederick Parker	62	—	7.1	11.5	3.9	8.2
55	34	George Blair	34	—	—	—	5.9	12.3
100	74	Ind. Precision Castings	76	—	7.5	9.5	9.7	12.3
170	100	Isis Conv. Pref.	170	—	15.7	9.2	—	—
147	94	Jackson Group	147	—	7.5	5.1	4.5	9.4
223	111	James Burrough	223	—	9.8	4.5	16.3	18.1
260	148	Robert Jenkins	148	—	20.0	13.5	1.6	28.5
88	54	Scruttons "A"	87	—	5.7	8.5	8.7	10.5
167	112	Torday & Carlisle	112	—	11.4	10.2	5.0	8.6
29	21	Unilock Holdings	26	—	0.46	1.8	—	—
85	64	Walter Alexander	68	—	0.4	8.4	4.9	7.0
270	214	W. S. Yeates	265	—	17.1	0.5	4.1	8.6

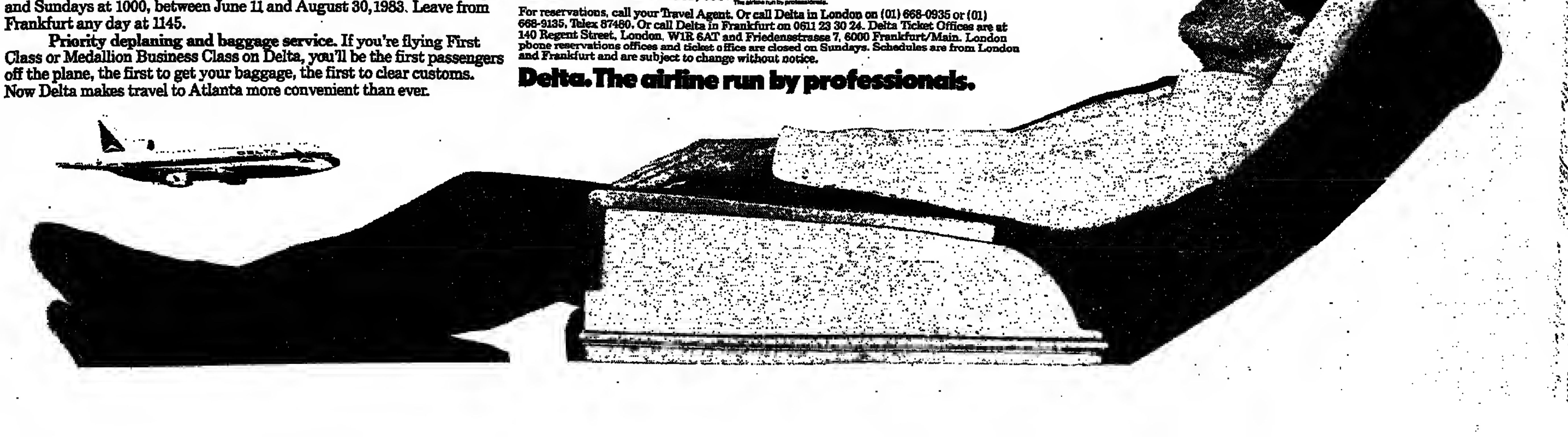
Prices now available on Prestel page 48146.

Public Works Loan Board rates

Effective May 11

Years	Quota loans repaid by EIP†	Quota loans repaid A‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid A‡	Non-quota loans A* repaid at maturity§
Up to 3	10½	10½	10¾	11¼	11¼	12
Over 3, up to 4	10¾	10¾	11⅛	11½	11½	12
Over 4, up to 5	10⅞	10⅞	11¼	11⅝	11⅝	12
Over 5, up to 6	11	11	11⅜	11⅝	11⅝	11⅞
Over 6, up to 7	11⅛	11⅛	11¼	11¾	11⅝	11¾
Over 7, up to 8	11⅛	11⅛	11¼	11¾	11⅝	11¾
Over 8, up to 9	11¼	11⅛	11⅛	11¾	11⅝	11⅝
Over 9, up to 10	11⅛	11⅛	11⅛	11⅞	11⅝	11⅝
Over 10, up to 15	11¼	11⅛	11	12	11⅝	11½
Over 15, up to 25	11⅛	10⅞	10⅞	11⅞	11½	11⅜
Over 25	10⅞	10¾	10¾	11⅝	11½	11⅜

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.



UK COMPANY NEWS

Ultramar first quarter advance

FOR THE first three months of 1983 petroleum exploration and development group Ultramar returned pre-tax profits of £47.9m, an improvement of £4.2m over the figures for the same period last year, with the Indonesian operations again the major profit contributor.

Good results were also reported by the North Sea and West Canadian prnducing companies and by the UK marketing operation.

In contrast, the refining and marketing operations in East Canada and California were disappointing. Strong competition for sales in these two markets led to an erosion of operating margins.

The directors foresee a gradual improvement in the group's downstream operations for the second quarter but lower prices and a smaller number of scheduled LNG cargo deliveries will reduce the second quarter profit of the Indonesian operation.

Grnup turnover for the quarter improved by £79.2m to £423m.

Pre-tax profits were struck after deductions of £4m (£6.9m) for interest, £13.3m (£10.6m) for distribution costs and £11.7m (£8.8m) for administration expenses. Interest received added £6.6m (£7m), fixed asset disposals £1.4m (nil) and miscellaneous income £1m (£0.5m).

Stated earnings per 25p share came through at 20.9p, against an adjusted 17.8p.

● comment

Ultramar's first quarter results, depressed by the low fuel consumption during the northern bemisphere's recent mild winter, have led most analysts to scale down their year-end forecasts made at the time of the successful £108m rights issue in February. There is now more of o consensus around £110m net profits for 1983. The company's two loss-making operations, in Californian and Eastern Canadian marketing and refining, suffered from cut-throat competition between the petroleum companies. Canada's results also inclnded a stock loss of ebout £5m which was accentuated by the government subsidy system. Nor has Canada felt any of the improvement noted in California over the past five weeks. The Indonesian upstream operations, which still account for about half of total profit, have their prices linked to the Opec posted price and have thus suffered from the recent prico cut. But Ultramar's medium-term prospects into 1984 lonk brighter. It has o 6 per cent stake in the North Sea's Maureen field due to rome on stream in the last quarter. New cracking equipment at the Quebec refinery will allow it to over-compensate for the capacity to be lost by the closure of the Newfoundland refinery. The share price, unchanged yesterday at 535p, is 7.8 times the prospective net profits after allowing for dilution.

Yearling bonds total £20.4m

Yearling bonds totalling £20.4m at 10¼ per cent redeemable on May 19 1984 have been issued this week by the following local authorities.

Alnwick District Council £0.25m; Blackburn Borough Council £0.5m; Leicester (City of) £1m; Owgr BC £0.4m; Roxburgh DC £0.5m; Tonbridge DC £0.25m; Warrington DC £1.25m; Welwyn Hatfield £0.5m; Wrekin (District of) £0.5m; Amber Velley DC £0.5m; Cumbernauld and Kilsyth DC £0.25m; Mendip DC £0.5m; Newham (London Borough of) £1.25m; Restormei BC £0.5m; Rochdale (Metropolitan Borough of) £0.5m; Tounton Deane BC £0.5m; Wellingborough DC £0.25m; Liverpool (City of) £2m; Edinburgh (City of DC) £1.5m; Lambeth (London Borough of) £0.5m; Allerdale DC £0.25m; Brent (London Borough of) £0.5m; Redbridge (London Borough of) £0.5m; Kensington and Chelsea (Royal Borough of) £0.75m; Medina BC £0.5m; Aberdeen (City of) DC £1m; Cardiff (City of) £2m; Cynon Valley (Borough of) £0.25m; South Bedfordshire DC £0.25m; Warwickshire County Council £1m.

Eastleigh (Borough of) and Torbay DC have issned £0.25m and £0.75m, respectively, of 10¾ per cent bonds at par for redemption on May 8 1985.

Basildon DC has issued £0.5m of 10¼ per cent bonds et par for redemption on November 7 1984.

Overseas lift for Lee Cooper

A MAJOR contribution to improved profit performance at Lee Cooper Group has been made by the French subsidiary, which together with those in Belgium and Tunisia, has performed particularly well. The group's taxable surplus rose from £9.09m to £10.04m for 1982 on turnover increased from £77m to £86.48m.

Indications are that prospects for economic recovery are much brighter, say the directors, although they point out that the problems of recession are both serious and complex. Whatever the short-term problems, the potential international market remains encouraging for this maker of jeans and casual wear and the group is structured to take advantage of opportunities for further expansion.

Both turnover and profits are at record levels, despite worldwide recession and a highly competitive environment. The directors note that the effect of the recession appears to have been iess marked in continental Western Europe than in the UK and Scandinavia. They report that after returning to profits in 1981, the UK subsidiary incurred a further heavy loss in 1982.

The year's net dividend has been lifted from 3.02p to 3.33p with a a higher final of 2.1p against 1.875p. Earnings per 25p share were shown as slipping from 27.73p to 25.68p.

At the trading level, profits increased from £10.31m to £10.45m and were subject to lower interest charges of £403,000 against £1.22m.

Tax amounted to £5.81m (£4.57m). Minorities took £243,000 (£214,000) and there were reduced extraordinary credits of £46,000 (£422,000) which left attributable profits slightly down from £4.73m to £4.04m.

● comment

Lee Cooper struggled through a tough year of closures and redundancies in the UK and still came out on top with group profits up 10 per cent to £10m thanks to e strong performance in Continental Europe. The UK made e loss of £1.7m of which £1m went on the closure costs of its Harold Hill factory and the rationalisation of Helston where manufacturing is now concentrated. The UK is still suffering from an oversupply of denim as manufacturers try to off load excessive stock ot cheap prices. Though the cut price jeans store Dicky Dirts anded up in the hands of the receiver, there are many other outlets which keep the pressure on margins. Lee Cooper has just 3 to 4 per cent of the UK market and has bean frustrated so far in eating into the market share of leaders Levi and Wrangler. In Continental Europe the picture is mnch rosier, especially in France and Belgium where Lee Cooper is a market leader with 10 per cent of the market and where demand has beld up through the recession. With prospects of o recovery looking brighter Lee Cooper could make £11m in 1983. The share price increased 7p to 122p and still looks rather undervalued on a prospective fully taxed p/e of about 4.

UK-ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1978=100); retail sales value (1978=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unemployed	Vacs.
1982							
2nd qtr.	101.0	88.9	89	106.8	145.1	2,743	107
3rd qtr.	101.6	88.2	84	108.9	150.7	2,837	111
4th qtr.	101.5	87.3	88	110.7	184.5	2,913	115
September	101.8	88.4	85	109.3	149.9	2,866	107
October	101.7	87.6	96	109.3	158.6	2,885	114
November	100.4	86.7	82	110.0	171.5	2,906	114
December	102.3	87.6	87	112.2	215.5	2,949	118
1983							
1st qtr.				111.1	153.1	3,003	124
January	102.5	89.7	84	110.1	154.7	2,983	122
February	103.6	88.6		111.1	148.9	3,001	124
March				111.9	155.1	3,026	126
April						3,021	135

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly everage).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1982							
1st qtr.	92.5	90.7	121.2	86.1	81.2	74.3	14.7
2nd qtr.	91.9	91.4	122.0	86.4	77.9	72.8	17.5
3rd qtr.	91.4	91.2	122.6	86.3	72.5	71.3	17.1
4th qtr.	92.3	89.2	122.3	85.2	69.3	71.7	14.9
August	91.0	91.0	122.0	86.0	72.0	70.0	15.7
September	92.0	91.0	123.0	86.0	73.0	74.0	19.9
October	93.0	89.0	123.0	85.0	72.0	73.0	15.5
November	91.0	90.0	120.0	85.0	68.0	68.0	17.1
December	93.0	89.0	124.0	85.0	69.0	74.0	12.1
1983							
January	94.0	90.0	123.0	85.0	79.0	71.0	15.5
February	93.0	91.0	127.0	86.0	75.0	70.9	18.1
March							19.7

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1982							
2nd qtr.	131.4	130.2	+123	+803	+858	101.3	17.70
3rd qtr.	125.1	123.7	+609	+847	+1,313	100.5	18.30
4th qtr.	131.4	124.0	+1,262	+1,709	+1,736	99.3	17.00
September	130.7	126.1	+325	+404	+390	99.7	18.20
October	126.8	125.8	+215	+364	+501	98.8	18.50
November	132.4	122.5	+539	+688	+543	99.4	18.00
December	135.0	123.8	+508	+657	+692	99.7	17.00
1983							
1st qtr.	130.0	132.1	−253	+287	+1,718	98.6	17.34
January	121.0	134.1	−491	−311	+519	98.8	16.85
February	130.2	134.6	−139	+42	+604	99.1	16.58
March	138.8	127.6	+376	+556	+604	98.1	17.34
April							17.66

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth et annual rate); domestie credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1982							
1st qtr.				+3,194	967	2,157	
2nd qtr.	2.1	8.2	26.2	+4,535	1,344	2,219	
3rd qtr.	15.2	12.6	28.3	+4,829	1,796	2,396	
4th qtr.	19.0	13.3	26.9	+5,032	2,139	2,548	
August	17.5	12.3	26.6	+2,020	437	853	
September	14.2	14.0	28.8	+1,430	668	840	
October	24.0	18.2	32.4	+2,814	886	808	
November	17.4	12.2	25.4	+1,121	763	866	
December	15.9	9.8	23.2	+1,073	490	874	
1983							
1st qtr.	8.8	5.6	10.6	+3,119	1,127	2,583	
January	7.6	4.2	6.7	+909	391	881	
February	9.9	5.2	13.0	+873	386	818	
March	9.1	6.9	11.8	+1,337	350	884	

INFLATION—Indices of earnings (Jan 1975=100); basie meterials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1982							
2nd qtr.	222.7	240.0	238.2	321.5	304.1	233.46	90.3
3rd qtr.	227.8	244.9	242.0	323.9	297.0	228.88	91.4
4th qtr.	231.3	251.8	246.8	325.4	298.5	238.84	59.2
September	226.2	245.6	243.2	322.9	295.9	228.56	91.7
October	228.0	246.9	245.1	324.5	296.5	227.18	[illegible]
November	232.2	252.9	246.5	326.1	298.8	[illegible]	89.5
December	233.8	255.8	248.8	325.5	300.1	238.84	85.6
1983							
1st qtr.		258.7	251.3	325.0	302.1	277.29	80.6
January	232.4	251.1	250.1	325.9	301.8	255.45	91.9
February	237.0	257.0	251.2	327.3	302.1	256.25	80.7
March	327.9	257.5	252.4	327.9	302.4	277.29	79.1
April		253.9	254.3			274.56	82.8

* Not seasonally adjusted.

MINING NEWS

Phelps and the new copper scene

BY KENNETH MARSTON, MINING EDITOR

SHARES of the base metal producers moved sharply ahead yesterday in line with hopes of the profit recovery prospects held out by the strengthening metal prices. Copper, for instance, now stands at e three-year high on the London Metal Exchange and is at its highest since August 1981 in the U.S.

While it remains to be seen how justified is the rise in metal prices and, indeed, how far it may go, the views on copper and the producing industry given by Mr George B. Munroe, chairman of America's Phelps Dodge are of particular interest.

Previously the biggest copper producer in the U.S., Phelps was forced to close down its entire copper mining operations last April in the worst year experienced by the industry since the early-1930s. Although Phelps has now restored its operations, it believes that copper has become a tougher business.

Stating this in e recent address to the New York Society of Analysts, Mr Munroe explained that environmental laws had resulted in sharply increased costs for the U.S. producers.

More importantly, the state-controlled mines in South America and Africa were not prepared to regulate copper production in line with market demands, but tended to maximise it for political, employment and foreign exchange reasons, a point emphasised by others in the industry.

He also pointed to e slowing in the annual growth rate of copper consumption, elthongh be still expected it to continue to grow throughout this decade at about 2 per cent per annum.

On the other side of the coin, Zambie's production costs are high and the two big Chilean mines face declining ore grades and large capital prngrammes in order to maintain capacity. Furthermore, much higher prices will be needed to justify the development of new mines to meet future demand.

"That, of course, augurs well for the future of existing low-cost production," said Mr Munroe, having pointed out that Phelps is one of the world's lower-cost producers. The company's costs in the March quarter were "substantially" below 79 cents per pound of copper.

It lost $3.9m (£2.5m) in the March quarter, but its profit gearing to higher copper prices is illustrated by the fect that when at full prodnction—about 325,000 tons a year—each 1 cent rise in the copper price (currently around 83 cents) prodnces ebout $4.4m in net income on an annual basis.

Phelps reckons that copper would still be cheap at $1.02 per lb, which would odd over $90m to earnings, and would still be far below the price needed to justify any major new mine development.

However, like others in tha industry, Mr Monroe sees little likelihood of further large-scale base metal mines being developed over the next few years.

Instead, the trend is towards the small and medium-sized operations that can be developed with less capital and give e much quicker return on investment. To this end the company is pressing on with its small mines division whirb is currently mining gold and silver.

It has also ocquired a 64.3 per cent stake in o small Chilean copper-gold mining company. Other prospects inrlude an exploration egreement whereby Phelps can earn a 49 per cent interest in e copper-zinc-silver-gold deposit in Turkey where the first phase of the drilling programme has disclosed about 20m tons of bigh grade copper-zinc ore.

Meanwhile, Phelps has streamlined its business, thereby reducing costs, end is selling off assets not needed for longer-range plans. As elready reported, agreement in principle has been reached for the sale of the communications business for $50m end attempts are being made to sell the one-third steke in the Australian Woodlawn base metal mine.

Comnany policy is to maintain its position as a leading low-cost prodncer of copper; diversify inlo a broader range of metals end minerals; and reduce indebledness. But copper prires remain the key to its fortunes.

International round-up

CANADA'S Northgate Exploration has filed its final prospectus with the Ontario Securities Commission for the issue of 2.56m units, each comprising one common share plus a one-half common share purchase warrant; two "half" warrants will eneble the bolder to purchase one common share ot C$8.25 (obout 426p) between July 6 1983 and April 30 1985. In an underwriting agreement, Wood Gundy and Burns Fry, both of Toronto, have agreed to purchase the units et C$8.25 per unit. Net prnceeds of the issue are estimated at C$19.7m. The existing shares were 390p yesterday.

* * *

Australian mining and investment group North Broken Hill made net profits, before extraordinary items, of A$13.12m (£7.25m) for the nine months ended March 31. This compares with A$7.49m earned in the same period of last year. Higher prices were obtained for increased sales of silver and there were benefits of cost-saving measures, bnt dividend income declined.

* * *

Junior Australian explorer, Argosy Gold Mines, has now changed its name to Southern Ventures. It has acquired a 47.5 per cent interest in four mineral claims and 10 gold mining leases in the Yarri area of Western Australia's Eastern Goldfields.

* * *

The Swan Resources group and MIM Holdings are to mount e joint exploration programme for gold and base metals over an aree of some 15 sq kilometres at Mt Grant, near Goldsworthy, lo Western Austrolia's Pilbare. MIM can earn up to an 80 per cent interest in the area by funding exploration costs.

* * *

Australia's Kilchener Mining has been told by the Australian Government that no objections are raised under the foreign investment policy to the proposed joint venture agreement with Swiss Finance Corporation for the development of a gold mine on the Bamboo Creek tenements in Western Australia.

This is on condition that Australian equity in the venture is raised to 51 per cent prior to mine development. Swiss Finanee Corporation has agreed and development of the mine is expected shortly to commence with completion by June 1984.

TECHNOLOGY

EDITED BY ALAN CANE

MONDRAGON WORKERS CO-OPERATIVE 20 YEARS ON

Small is beautiful for the Basques

BY MAX COMMANDER

WHEN the Mondragon Workers Co-operative was set up in the Basque Country in 1963 none of the present 19,000 people employed in the more than 80 co-operatives would have expected that 21 years later they would have their own bank, housing, technology college, research centre and an organisation which offers training, employment and relief, as they say, from the repression of the Franco regime.

Security was all for the fiercely independent Basques. With their own language, a country, which they claim has no direct connection with Spain and extends past the ignored French/Spanish border to Biarritz, the people looked for their own industry, and, generally speaking, have opted out of the Spanish system.

Philosophy

The Caja Lamboral Bank was set up in 1959 to act as bankers for the growing number of co-operatives covering the manufacture of almost anything from agricultural implements, furniture, to machine tools.

The bank is proud of its philosophy which allows for any member of a co-operative to come along, talk with bank executives, put up a scheme for a new co-operative, and, if the bank—after very careful investigation — thinks the scheme is viable, cash will become available.

It may take a little time, but normally, if the idea is good, the finanre is there, and it points out, there has never been a co-operative failure yet.

Caja Laboral now has about 300,000 deposit accounts, assets of Pts 11.5m, 900 employees and is running out of office space.

Visitors

The building is splendid enough to grace any major Western city but in the mountainous Basque area needs a new site.

It will be sorry to lose its converted Basque farmhouse just up the hill where it can entertain visitors with four bedrooms, bathrooms en-suite, a couple of lounges and basement dining room where the soup comes as a fourth course and the fresh strawberries as the fifth.

In existing co-operatives a new employee—he does not necessarily have to be a Basque —is required to make an investment in the co-operative. It used to be the equivalent of £2,000 but in the expensive days of 1983 is now £3,200.

Few workers have this sort of money to hand but the accommodating Caja Laboral offors interest free loans either repayable to the bank direct or through deductions from the workers monthly pay.

It is interesting that all *employees* within the co-operatives are paid monthly—all have agreed that the Friday cash is not necessary.

A minor problem is that employees within the various co-operatives are regarded by the Spanish central government as self-employed, and, therefore, ineligible for the normal welfare scheme. The co-operatives, in conjunction with the bank, have avoided this by setting up their own welfare scheme to cover housing, pensions, medical care etc.

They have run into a slight problem. A couple of years or so ago the co-operatives thought it would be a good idea to set up their own hospital, but they have not been able to attract sufficient doctors.

Rules

The bank was a bit hesitant to explain the reasons but it seems that Basque and Spanish doctors are unwilling to accept the rules. Number one says that no co-operative should employ more than 400 workers. Small is beautiful, say the Basques.

The second, and more importantly, says that under co-operative rules the top man should not earn more than three times as much as the lowest paid worker. For example, if the sweeper up of the shopfloor earns the equivalent of say £1,000 a year then the managing director cannot earn more than £3,000 a year.

Doctors in Spain, apparently, have not been able to accept the rules. Nevertheless, the co-operatives have a clinic with their own medicare and whatever the faults have created about 17,000 jobs in less than 20 years.

The Ikerlan Research Centre, which like the bank services the co-operatives, now has 36 full-time scientists and even the technology college students are required to put up a £350 investment in the college, transferable when they join a co-operative.

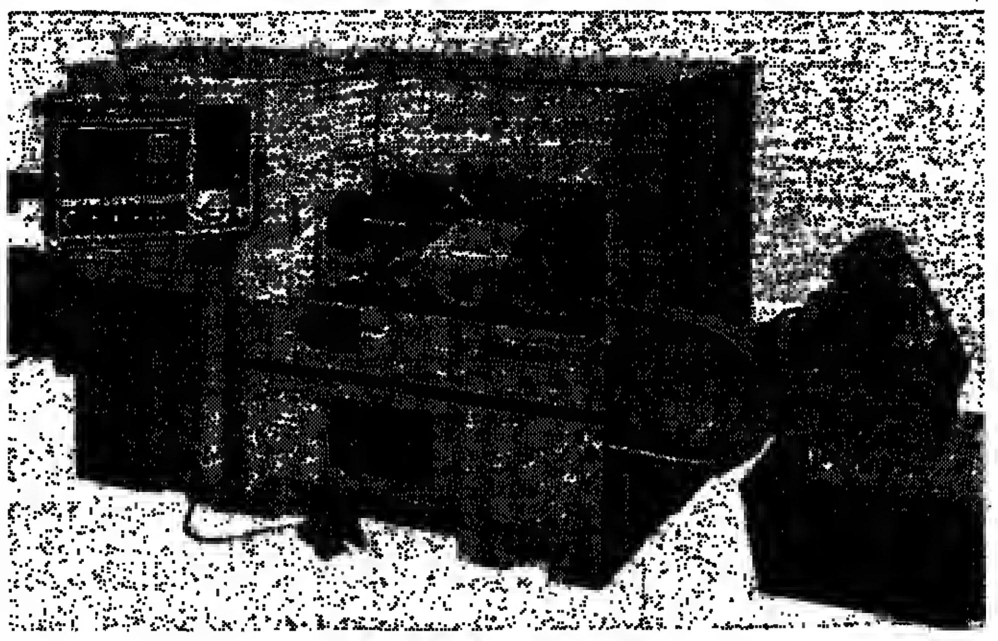
Before the bank was formed in 1959 one of the first co-operatives was Danobat (the word in Basque means a joining together). It set up operations in 1952. After the formation of the bank, and, presumably with more money available, it established a commercial network with branches in the main Spanish towns.

Customers

Danobat was largely responsible for the setting up of the Ikerlan Research Centre to develop electronic controls of machine tools and now has Danobat in Mexico, in the U.S. and two years ago established Danobat (UK) in Warrington.

It has to be said that the main factory not too far from Bilbao looks a bit like a Birmingham engineering shop in the 1960s with engineers bolting on bits and pieces and a philosophy which says that if the customer wants it that way then thats the way we will build it.

One offs are, perhaps, not too popular in Western world engineering, but Danobat with 578 employees, has a seven-month machine tool order book which is more than can be said of Meriden or Alfred Herbert.



The Danobar-65 lathe with a 14 tool turret

New models from Danobat

DANOBAT, which describes itself as Spain's leading machine tool manufacturer will be showing several of its new machine tools in Paris at the EMO Exhibition.

Among these are the Danobar-65, an NC lathe for bar and chuck work, the Danocenter—1,000 with up to six axes, and the R-1500, an NC External grinder.

The 65 has a 14 tool turret, the Danocenter has a machining capacity of up to 350mm diameter and a distance between centres at 1000 mm.

The R-1500 grinder is available in six versions with lengths between centres of 600, 1,000 and 1,500mm, each one with either straight wheel or angular approach. Maximum grinding diameter is 350mm.

Danobat says that all its machines are designed to be equipped with automatic manipulators, robots or can be included in transferised and automatic lines.

Danobat (UK) is at 46, Melford Court, Hardwick Grange, Woolston, Warrington, Cheshire (0925 824900).

NEW COMPUTER ENTRY

California short of room but not cash

BY ELAINE WILLIAMS

THERE'S no shortage of venture capital in California, but we are short of room and new names," said Mr Manny Fernandez, president of the 18-month-old Gavilan Computer Corporation.

Gavilan, named incidentally after a mountain range in Northern California, is one of the newest entrants in the portable computing field. It has just introduced a 16-bit computer which is IBM compatible, fits neatly into a briefcase and costs around U.S.$4,000 for the completo system which includes a small printer.

Mr Fernandez, former president and chief executive of Zilog, said that there are about 35m potential users presently wandering about the world, computerless. Around 20m are based in the U.S. Gavilan is aiming at the professional business client who spends a considerable proportion of his time on the move. So the new machine aims to provide the total mobile olectronic office.

More than US$ 8m has been raised in equity funding for the new company which launched its machine in the U.S. about a week ago. The funding has come from a variety of venture capital sources including New Enterprise Associates, Smith Barney Venture Corporation, Abingworth, Associated Venture Investors, Genesis and Robertson, Colman, Stephens and Woodman.

In addition the company has a US$ 12m line of credit with the Bank of the West, a wholly-owned subsidiary of Banque Nationale de Paris.

Gavilan hopes to sell around 7,000 units during the first year of introduction. More than half are already sold to customers. The company, however, hopes to build up production over the next year to around 3,000 machines a month and is also looking at the possibility of setting up local manufacture of the computers in Europe.

The total market for mobile computers—which can be split into three main product groups of hand-held portables, portable computers, and the larger transportable computers — is estimated to be worth around U.S.$372m according to California base dmarket researchers Infocorp. This is expected to grow to around U.S.$3.1bn by 1987.

Mr Fernandez commented that the Gavilan computer had the power and simplicity of operation found with a computer such as the Apple Lisa but was half the price. The machine is capablo of word processing, financial calculation and analysis, reports. It uses touch sensitive pad to select various menus on the small liquid crystal screen.

High performance graphics

Textronix screen for mapping

HIGH PERFORMANCE, high density colour graphics able to meet the demands of mapping, *circuit design and finite* element modelling, can be produced on the screen of the model 4115B terminal just introduced by Tektronix.

The resolution of the displayed images is 1280 x 1024 pixels (picture elements) and each frame is redrawn 60 times a second, keeping flicker and operator fatigue to a minimum.

In addition the company has has applied a proprietary technique that virtually eliminates convergence errors—the lack of coincidence of the three colour images on the tube face. It uses a feedback technique in which convergence is automatically sensed and controlled, reducing registration error to less than 0.2mm over the entire display area.

On-board intelligence can apply any requested image transformations such as rotation or scaling. More on 05827 63141.

Communications

Allied to the PBX

Hewlett Packard, the instruments-to-computers electronics giant is to ally itself with those manufacturers who believe the private branch exchange (PBX) is the key to the electronic office.

Mr Andre Schwager, general manager of HP's Information Networks Division said: "Hewlett-Pickard has committed itself to the use of the PBX as the principle communications method for its future computer networks for the office. By making it easy to access the HP3000 (HP's flagship computer) through PBXs, we add value to the computer and to HP software."

The company is testing PBXs from Intecom, Northern Telecom and Rolm to certify they can be used with HP3000 systems.

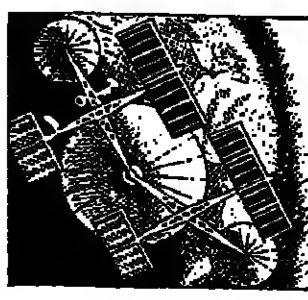
Distribution

Stock package

A COMPUTERISED stock and distribution package developed originally for Aveling Barford and Coventry Climax is now being marketed by *its* creator, BL Systems, the high technology arm of the state-owned automobile company.

Called DS2000, the system is said to have helped Aveling Barford reduce stock levels by 20 per cent in two years and increased "first time pick" rates to 90 per cent.

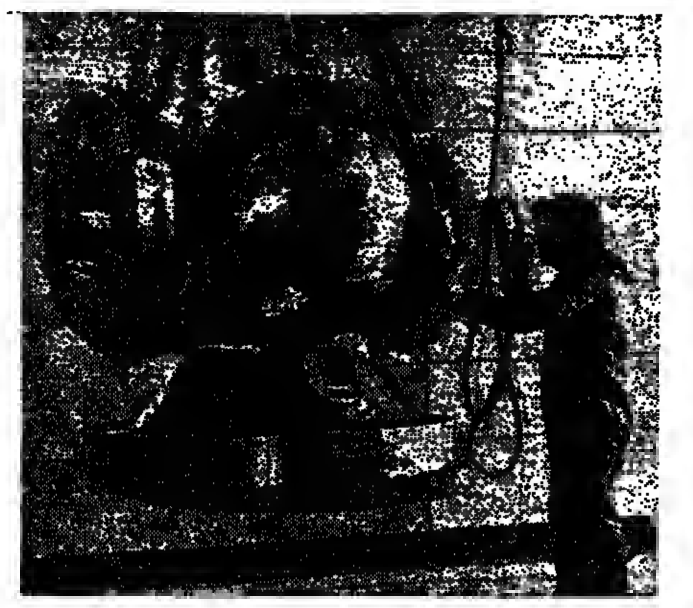
The system controls inventory, order processing, sales forecasting, stock replenishment, component locations and invoicing. It is designed for use with IBM's 4300 series computer. More from Jim Minnis on 921-707 8557.

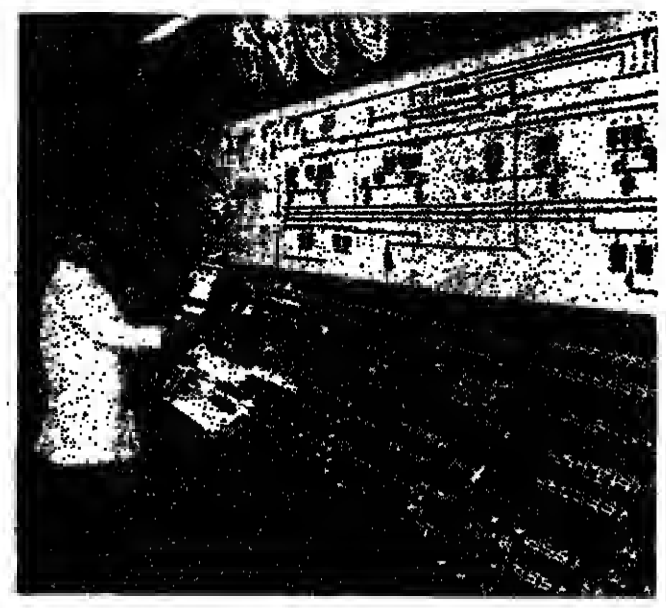


FINANCIAL TIMES SURVEY
Thursday May 12th 1983

Castings and Forgings

An alarming decline in these industries has begun to worry customers, who fear whole sectors could disappear in the U.K. This concern is being impressed on the Government





Left: a 2½-ton nickel-aluminium-bronze casting for a submarine, marked out for radiography checks to make sure it has no faults. Right: automatic selection, mixing, weighing and delivery of moulding sands in a steel foundry.

CONTENTS

Widening net of concern

BY IAN RODGER

IN THE PAST few months, concern about the plight of Britain's casting and forging industries has widened considerably.

It is no longer just the beleaguered prodncers themselves who bemoan their fate, but also their customers, the mannfacturers of engines, machine tools, compressors, pumps and dozens of other engineered products.

Again and again, machinery makers say bow worried they are that their traditional casting suppliers may not survive the current recession.

Alarm about the state of these important sectors has also reached the Government, which recently despatched Mr John Butcher, a junior Minister in the Industry Department, to *spend* a *day and* o *half* o week in the West Midlands, where the forges and foundries are concentrated.

But there is no mystery about the alarming decline of these fields. It is a direct consequence of the decline of their main customer industries, and in particular, the motor industry.

The motor industry consumes about o quarter of all aluminium and iron castings, about 45 per cent of all drop forgings and 7 per cent of steel castings.

And the sad statistics of Britain's motor industry are, by now, all too familiar. Car production has halved from 1.74m vehicles in 1971 to only 888,000 last year. Commercial vehicle output fell a third from a peak of 408,000 units in 1979 to 269,000 last year.

Overvalued

British producers of castings and forgings have also suffered from the difficulties of their customers in remaining competitive in export markets during the period in which the pound was overvalned.

And although their products have a high weight-to-value ratio, imports have made disquieting inroads into the home market because of the strength of sterling.

Mr D. G. Higgs, a director of Brockhouse's foundry division, *has noticed* an even more disturbing trend, the import of fully-machined castings. He pointed out that there are always faulty castings in any batch and these are discovered when the casting is machined. Thus, it is safer for an importer to hring in fully-machined rather than raw castings, thus displacing another stage of manufacturing in the UK.

The forging and casting industries are also victim to changes in technology. A few years ago, for example, it was safe to say that the casting process was tha quickest and usually cheapest way to make products out of metal. And that forging was the only way to make high-integrity parts that could be subjected to considerable stress.

Today, camshafts can be cast rather than forged because of advances in casting and alloying technologies. Similarly, the development of slag welding makes possible the building of very high-integrity steel fab*rications that are as good* as or better than large castings.

There are also shifts in the use of materials—from iron to aluminium in the case of engines, and from metal to plastic in many other applications.

The combined effect of all these trends is massive upheaval and decimation in sectors that have been at the heart of Britain's engineering industry.

Ferrous foundry production has plummeted from 2.7m tonnes in 1979 to 1.5m tonnes last year, more than 300 foundries bave been closed since the mid-1970s and most remaining companies are still operating at less than 75 per cent of capacity.

Drop forgers' deliveries have fallen 45 per cent since 1979 and the press forging business has been similarly hard hit.

Weight

Even the non-ferrous casting sectors have suffered. The casting and forging of light metals, especially aluminium, were expected to produce growth in the past few years as car and truck manufacturers attempted to reduce the weight of their vehicles. But the tonnage of aluminium cast in the UK has fallen from 170,000 tonnes in 1975 to 78,000 tonnes in 1981.

So far, there are no reports of the basic capacity to make a particular type of casting or forging having disappeared entirely as a result of this widespread decline, but this is what worries producers and consumers alike.

BRITAIN'S TUMBLING FOUNDRY OUTPUT
('000 tonnes)

	1975	1978	1982
Iron	3,002	2,689	1,474
Steel	269	198	148
Aluminium and alloys	170	165	78
Copper and alloys	67	67	38
Zinc and alloys	57	57	37.5

FT sources.

"The next closure might be the last diesel bead foundry in the country," says Mr Terry Davies, assistant managing director of Birmid Qualcast, the largest independent producer of castings in Britain.

One major machinery manufacturer said recently that he was taking the precaution of developing overseas sources for strategic cast components, because so many UK producers were closing.

The situation in the iron foundry sector, which is by far the largest, is so serious that in February a group of the major producers formed a new association, the Association of Major Castings Manufacturers, to alert the Government and their customers.

The association is working on a submission to Gnvernment hut Mr Arthur Mould, a directnr nf *Birmid's foundry subsidiary*, said they were not looking for handouts but for a policy fnr the motor and engineering industries.

As component makers, the casting and forging companies are poorly placed to affect demand for their products. All they can do to try to preserve their health is make sure their nperations are at least internationally competitive, and thus help their customers remain competitive. They can try also to make sure that capacity does not get out of line with demand.

After the sbortages of castings that occurred in the UK in the early 1970s, companies invested heavily in new capacity and modernisation. The Foundries Economic Develnpment Committee of NEDO estimated that almost £250m was invested in ferrous and non-ferrous foundry projects between 1975 and 1980.

Much of this was in new capacity—some of which has subsequently been closed — but mnch of it was on modernisation and automation.

Midland Industries, for example, has spent more than £11m on new equipment in the past decade including six highly flexible antomated casting machines and a computer-loaded melting shop. For its pains, Midland is one of the few companies that has con*tinued to make profits during* the current recessinn, although at a mucb reduced rate.

On the fnrging side, the mnst impnrtant single investment in recent years was the £10m spent by Jnhnson and Firth Brown on the largest automated press fnrge in the wnrld. But JFB's forging business bas dropped drastically in the past two years, especially as nrders from the aerospace business dried up, and the business was merged last year with that of the British Steel Corporation.

In all sectors, companies themselves bave carried nut massive rationalisation plans and many have got nut nf casting and forging completely.

Inroads

Last mnnth, Guest Keen and Nettlefnlds announced the closure of the last of its iron foundries supplying the automotive industry, at Halesowen in the West Midlands, with the loss of 265 jobs. The foundry has lost £1.6m in the past two years.

Triplex Foundries spent £1.6m on closure costs, mainly in connection with shutting its malleable iron fnundry at Tipton, in 1981, and another £3m on the closure of its Vowles aluminium and grey iron foundries last year. Birmid bas cut its iron foundry capacity from *300,000* tonnes to *125,000* tonnes in the past three years.

But these and other efforts have nnt beon ennugh. The heavy trading losses being suffered by most companies show that capocity is still far in excess of demand.

Significant further progress has been made in the steel casting sector by the negotiatinn of jnint rationalisation schemes in the past year, as reported elsewhere in this survey.

Discussions bave been held aimed at negotiating similar schemes in the iron foundry sector, but producers are sceptical that onything could be agreed. In the steel sector, they point out, there is a relatively small number of large producers whereas in iron there are many small ones.

Moreover, iron casting consumers like to double source, so there is no assurance that if one of their major UK suppliers agrees to close, the business would go to another UK supplier rather than a foreign one.

In forging, the huge rationalisation involving Johnson and Firth Brown and British Steel took care of the heavy sector, while in the drop forging business, it bas been mainly a question of laying off staff and mothballing machines.

CASTINGS AND FORGINGS II

Investment and improved technology have produced benefits but falling demand and competition from plastics have taken a heavy toll.

Pressure on non-ferrous castings increases

THE NON-FERROUS castings and forgings industry once held out the prospect of high growth and high profits for enterprising companies with the right mix of skill and capital. But the recession has hit the markets it serves and the combination of high energy costs, low demand, and surplus capacity has now forced the sector into a major rationalisation programme.

The principal metals covered by the non-ferrous castings and forgings sector are zinc, copper and aluminium. Out of total production valued at £465m in 1981, aluminium accounted for 45 per cent, copper 33 per cent, zinc 13 per cent and investment castings, which are mostly high-precision engineering products, 9 per cent.

Excluding investment castings, the industry's output of 173,000 tons in 1981 was made up of 49 per cent aluminium, 30 per cent copper and 21 per cent zinc.

But these non-ferrous metals have suffered a level of decline worse than that seen in industry generally and its hopes of expansion, with the switch to lighter weight metals, have been dashed by the shrinkage of its major markets.

Among them cars and aircraft have seen a fall in sales and unless production in these two main markets picks up, the castings industry will have to fight hard to retain its present level of output.

Sales among 100 leading companies in the non-ferrous foundry sector fell by 11.4 per cent in 1980-81 according to ICC Business Ratios 1982 report on non-ferrous founders. The report indicates that non-ferrous founders were second only to the steel producers in their negative return on capital, which was down to −1.2 per cent in 1980-81 from 20.5 per cent in 1978/79.

Profit margins among the 100 companies were negative at −0.3 per cent in 1980-81 with some of the larger founders coming under increasing pressure.

Birmid Qualcast's non-ferrous foundry subsidiary, Birmal Castings, with an annual turnover of £14m in 1981-82, has experienced low sales growth and poor returns and profits on its light metal founding operations.

Profit

Consolidated Goldfields subsidiary, Alumasc, which produces a wide range of non-ferrous metals by deep-drawing, casting, and hot-pressing production methods, also experienced poor sales growth in 1981-82. However, its pre-tax operating profit of £2 per cent held up well on a turnover of £12m.

Another problem facing the non-ferrous industry is the recent shortage of aluminium scrap and ingot. UK producers of aluminium pressure die-castings in the transport and domestic appliance industries are suffering because of heavy Japanese and American purchases which have pushed up scrap prices.

In spite of such setbacks the industry now has the opportunity to improve productivity and efficiency by introducing new technology into the production process. Fully-automated production processes and robotics are already available if companies can raise the investment capital to install it.

However, because castings are intermediate components in the production of final goods they suffer when demand for all products falls.

Foundries owned by major car producers, like the BL foundry in West Yorkshire, are directly stimulated by an increase in car sales. The BL foundry reports an increase in sales over the last six to eight months with the present order book helped by the increased demand for Jaguar cars in the U.S.

The BL foundry, which employs 240 people in the production of aluminium castings for the BL car and truck divisions, has undertaken a highly-successful investment programme aimed at improving product performance and reducing costs.

BL sees the introduction of automated die-casting machines as the main area ripe for automation but robots are also at the heart of technological change.

This change in method of production has been matched by the development of new products particularly in the car industry.

The lightweight high speed diesel engine will open up markets for aluminium castings over the next few years and the move towards lighter weight components in all engines should boost demand for lightweight metals.

But new products and new methods of production are not helping the older foundries which are burdened with high overheads and obsolete equipment. New technology means lower cost and higher speed and companies have to either maintain their technology base or lose their markets.

One discernible change caused by the recession is the battle to win markets within the non-ferrous industry. Aluminium, zinc, copper and other alloys are, in some cases substitutable, and casters and forgers are competing to capture a rising percentage of a falling market.

Competition from plastics has also taken its toll. Zinc, for example, was once the principal metal for lightly stressed minor components used by car designers for embellishment and trim, but these components are now dominated by plastics.

Plastics have also taken over from zinc in the production of window winder handles, fuel pumps, steering columns, and certain electrical components. Foundry industry executives believe this transition will inevitably continue.

In the past five years about 12 zinc die-casting companies out of a total of about 115 have gone out of business as demand has fallen from a peak of 80,000 tons to about 40,000 tons last year. The decline in the car industry has played a major part in that fall.

For example, in 1975, automotive components accounted for 18,000 tons of zinc die-casters' output, a share of 32 per cent. By 1981 that had fallen to 10,000 tons and a share of 27 per cent.

New products are being developed which require zinc castings and forgings, particularly computer hardware and building material products such as replacement windows and patio doors.

Taking a zinc casting from the mould after pouring. Government support for the non-ferrous sector is helping to develop the technology and improve the quality of the finished product.

Mechanisation

But the new products are not being developed quickly enough to stem the fall in employment in the industry. There has been a continual loss of jobs over the past five years with the advent of mechanisation and the subsequent reduction in people needed to fettle castings. Research is also being undertaken to reduce employment through chemical polishing techniques which replace hand finishing.

The Association of Bronze and Brass Founders indicates that there has been a continuous decline in employment in recent years with the closure of small foundries and a concentration into large ones. Total production in the copper alloy sector has fallen from 72,000 tons in 1971 to 48,000 tons in 1981 and this has damaged employment prospects.

However, despite the gloomy employment picture the copper alloy sector is holding its current production volume at a steady rate. The B & F (British Non-Ferrous) Technology Centre, a research association for the industry, has been asked to look at ways of transferring technology to the foundry floor.

A technology transfer group has been set up, with support from the Department of Industry, to speed the development of technology. The scheme, which started last November, has a budget of £230,000 to be used over three years.

Government support for non-ferrous founders has also surfaced in the zinc sector where the technology transfer programme has committed £1m. A new joint scheme about to be launched by the government and the zinc casting industry will make another £500,000 available for investment projects.

These schemes have helped to improve the quality of die castings and zinc die-casters are now in a good technical position to meet future orders.

A striking feature of schemes to help the industry, however, is that out of a total £20m made available by the Government since 1977, only £12m has been taken up. The various schemes offered to contribute 25 per cent of the investment cost of plant and machinery and 15 per cent of building costs, but even this incentive was not enough to persuade hard-pressed companies to embark on a major investment drive.

This has not stopped the industry from competing successfully in world markets, however. The National Economic Development Council believes the UK foundry industry has technical capabilities as good as any country in the world and this is borne out by the fact that few foreign companies have made inroads in the UK market for non-ferrous castings and forgings.

The copper alloy sector, for example, has not suffered from import penetration and apart from Italian imports of domestic taps nearly all castings and forgings are supplied by British companies.

In fact the more innovative foundries in the copper alloy sector are picking up business abroad, even in West Germany. The Gulf states are also buying British products and the impression is that the industry is still internationally competitive despite the high value of sterling over the past few years.

However, imports of final products which already contain castings are affecting the market. The inflow of foreign cars, for example, has had a major impact on demand for castings. This problem is especially intractable because it is difficult to see what UK foundries can do about it.

Some companies are coping well with the recession, however, among them the small, independent company Stone-Fry Magnesium, which works in aluminium, magnesium and zinc alloys. Stone-Fry achieved a return on capital of 69 per cent in 1982 and hopes to take full advantage of a £4m contract it has just won to supply castings to Rank Xerox for its System 10 copiers.

The company has succeeded by ensuring that it is not dependent on the car industry, and it has never had more than 20 per cent of its business in that field. Its main interests lie in the computer, defence and aerospace industries which have not suffered such a decline.

Most of the more successful companies are small or medium size concerns concentrating on the jobbing end of the market with small production runs and specialised products.

The success of the new aluminium casting process developed by Cosworth Engineering, described on page IV, shows how effective a fresh approach can be.

The success of the smaller companies and the dismal record of some of the larger ones does, however, highlight a contradiction within the industry. New technology can be most effectively deployed for high-volume production runs, yet without a major increase in demand the market will have to operate with shorter runs.

The non-ferrous forgings industry, which accounts for only 0.9 per cent (2,200 tons) of total forgings output in volume terms and 10 to 12 per cent in value terms, has not suffered as badly as the non-ferrous castings industry. This is mainly due to its more diversified customer base which covers home improvements, the construction industry, the water and gas industries and the general engineering sector as well as parts of the motor industry.

Hope

New product areas for non-ferrous castings and forgings are opening up but the best hope of market expansion is still in the automotive sector where there has been a move towards lighter components which reduce weight and generate fuel efficiency. Unless demand for cars and commercial vehicles rises, this move will not have as much impact as the foundry industry is anticipating.

There is particular concern by the NEDC about the move into plastics and it points out that demand for zinc castings and forgings has fallen not because there is anything wrong with the product but because plastics are now more suitable.

Even with the aid of structural changes which have increased the use of aluminium in the automotive sector, employment opportunities have fallen dramatically. The Light Metal Founders' Association estimates that numbers employed in the aluminium castings and forgings industry have fallen from 29,000 in 1980-81 to approximately 21,000 in 1982-83.

Ken Ferris

The performance of the sector's main customer industries has had severe repercussions.

Steel castings deliveries decline

THE TYPICAL component made from cast iron is an engine block. The typical product made from cast steel is a valve. The tonnage of steel castings produced is only about a tenth of that in iron castings, but the variety of products made is much greater.

Steel castings are used for the finest seat rings and for huge turbine casings, rolling mill housings and excavating machines. The quality of metal used varies from ordinary carbon steel to the most sophisticated alloys, cast in static moulds or spun into cylindrical shapes.

Despite this great versatility, the steel foundry sector has not been immune from the huge decline in demand that has hit the industry as a whole in the past few years.

The figures are numbing. Deliveries declined from 250,000 tonnes in 1976 to 148,000 tonnes last year. The number of foundries has dropped from 86 in 1976 to about 50 today, and employment has halved from 21,000 in 1976 to about 10,600 today.

Valves

The reasons for the decline can be seen in the performance of the sector's main customer industries. The largest single use for steel castings, accounting for about 12 per cent of the tonnage produced, is in valves. Valves have a wide range of industrial applications, but primarily in process and power plant where construction activity is very depressed.

The other major uses for steel castings are construction and earth moving equipment and crushing, grinding and quarrying machinery. Both the mining and construction industries have been operating at very low levels in the past few years.

The effect of this decline in the market can be seen clearly in the financial results of some of the leading companies in the sector. For example, F. H. Lloyd, the largest producer, saw its pre-tax profits fall from £5.2m in the year to March, 1978 to £3.4m in 1979, £2.4m in 1980 and then plunge into a loss of £254,000 in 1980-81.

Weir Group, another large producer, plunged from a profit of £6.6m in 1977 to an £8.25m loss in 1980. Early in 1981, the company needed major financial restructuring to ensure its survival.

By 1981, total production of about 150,000 tonnes was far below the sector's total capacity of 250,000 tonnes and no one was making any money.

The industry's trade and research association, SCRATA, suggested in mid-1981 that the companies involved should come together and agree on a rationalisation scheme to remove much of the excess capacity. The idea was that those who continued in the business would compensate those that agreed to close, on the assumption that trading conditions would improve for those that remained.

SCRATA failed in its attempt to mount an industry-wide scheme, but then Lazard Brothers, the merchant bank, was invited to try and organise something. It divided the industry into two and subsequently five sub-sectors, and has already completed schemes in three of them, resulting in the closure of 20 foundries, representing perhaps 25 per cent of the industry's capacity.

Selection of steel castings produced by a Sheffield foundry. One of the dangers of too extensive rationalisation is that some of the industry's expertise could disappear.

The first of the schemes, involving 16 static, high alloy foundries, went into effect last June when five foundries, representing 22 per cent of the capacity in the sector, closed.

Since then, the leading company in the sector, APV-Paramount, has reported a dramatic improvement in the performance of its foundry division. The division sustained "heavy losses" in 1981, but made a £1.7m turnround into profit last year.

Export sales

However, Mr Les Halling, chief executive of APV-Paramount, said most of the improvement was due to strong export sales of the company's centrifugal castings (which were not included in the Lazard scheme) and to rationalisation measures taken by the company before the scheme was agreed.

"Volumes are up only a tiny amount in static castings and prices have continued to move down," Mr Halling said.

He was doubtful that the company had benefited much from the closures. "There are only two cases I can think of where we got orders that we would not have had."

And he was annoyed that while the closers' foundries had to be destroyed under the scheme, their sales staff were free to go and work for importers. However, he still believes it was the right thing to do and will ultimately pay off.

The two other completed Lazard schemes—in general castings and in vertical spun castings—have only been settled for a few weeks so it is too early to tell the impact they will have. The Lazard schemes are described more fully on page IV.

It is clear though that the final agreement in the general sector was a disappointment to many. Of the total 120,000 tonnes of capacity in the sector, only 12 companies representing only 100,000 tonnes ultimately agreed to participate, and only 10 foundries with 25,000 tonnes capacity agreed to close.

"I'd have preferred to see more go but this is a very useful percentage," Mr Tom Bailey, managing director of Lake and Elliot, said at the time.

The two remaining sub-sectors in which rationalisation discussions have taken place are high volume machine moulded castings and cast steel rolls.

William Cook and Sons (Sheffield), Robert Hyde and George Blair are the three main companies in the high volume sector but Lazards doubt that a scheme can be arranged. William Cook has said it has not been involved in any discussions.

DECLINE OF FERROUS FOUNDRIES IN UK

	Foundries closed	Jobs lost
1979	54	6,688
1980	47	11,523
1981	51	7,994
1982	46	6,524

Source: Reply by Mr John Butcher, Parliamentary Under-secretary of State for Industry to Commons written question.

There are only two UK producers of cast steel rolls, which are used in metal rolling mills. Davy and Sheffield Forgemasters confirmed last January that they were discussing a possible rationalisation and merger plan. Sheffield Forgemasters made 95 of the 370 workforce at its Midland Rollmakers subsidiary redundant early this year.

One of the dangers of rationalisation on the scale experienced in the British steelcasting industry in the past year or two is that the ability to make certain types of castings is likely to disappear altogether.

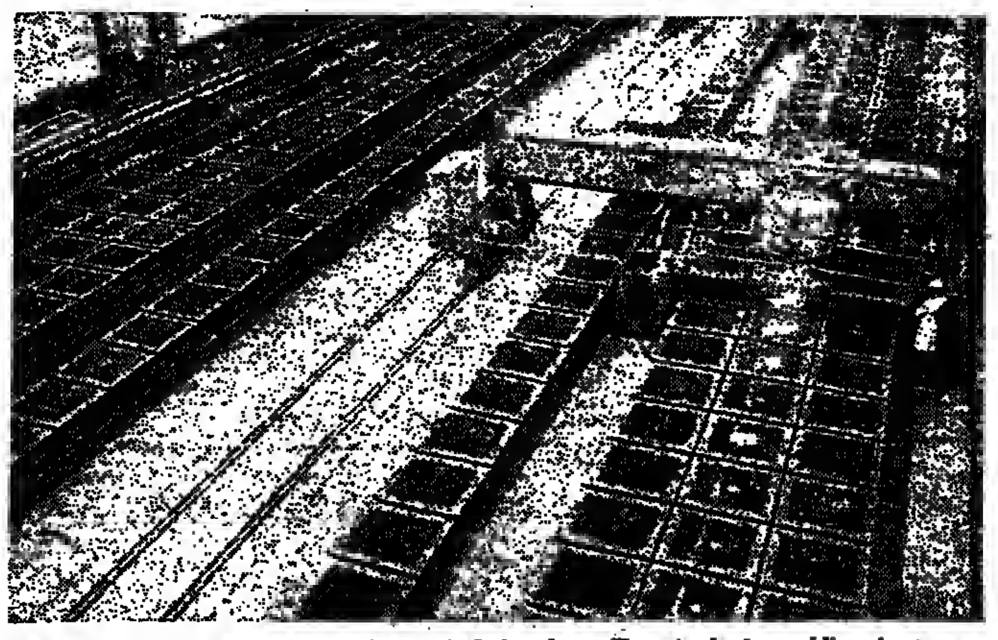
So far, there is no evidence that this has happened, but the country now has only one foundry capable of making very large steel castings and only one foundry capable of making vertical spun castings.

Still, the industry was losing an estimated average 4 per cent on sales last year and so companies have little choice but to contract.

Ian Rodger

Many companies are working at an unprofitable 50 to 60 per cent of capacity

Ferrous foundries: going hard to win new markets



Part of the pouring line in a Leeds steel foundry. The standard moulding boxes are moved through the plant, from mould preparation to final shake-out, by an automated conveyor.

NOWHERE IS THE rapid decline of the UK manufacturing base more apparent than in the farrous foundry sector. In just eight years output has more than halved to less than 1.5m tonnes, more than 30,000 jobs have gone to shrink the workforce to only 50,000, more than 200 foundries have shut and companies have gone out of business at a rapid rate.

But still the downward slide continues. The sector with many companies working at an unprofitable 50 to 60 per cent of capacity has sounded the alarm that further cuts will be necessary.

Markets, after a traumatic slump, have at best bottomed out and few companies see much sign of improvement. Too much capacity is still chasing too few orders with cut-price imports squeezing margins and jeopardising future investment. Companies gaining orders do so at the expense of competitors, often picking up the business after a foundry closure.

Tha problem of weak demand was the dominant response in a survey just completed by the economic development unit of the West Midlands County Council.

The local authority is anxious to devise a survival strategy for what is the region's second biggest industry. The West Midlands accounts for nearly one in three foundries in the UK and four out of 10 foundry workers.

Questionnaire

"Lack of demand was what company after company told us. They even printed it in capitals on the questionnaire to stress the point," says Mr Colin Appleby, principal economist in the development unit.

"Companies have reacted aggressively to recession. They have gone for new markets, expanded their sales teams and found new customers." But Mr Appleby reports that falling schedules remain the problem. "Typical is one company that told us it has increased the number of customers by three times but still faces reduced volumes."

Ferrous castings are basic to much of Britain's once strong engineering industry. The foundries, as their customers have taken a hammering in world markets, have been left bruised and battered.

The decline is illustrated most vividly by the motor industry which used to take about a third of the output of iron castings.

Car production has been slashed by more than half in little more than 10 years to only 888,000 vehicles last year—and a proportion of that output represented imported kits with heavy foreign content.

Commercial vehicle manufacture showed a slight improvement last year to reach 269,000 but was still down dramatically from tha 408,000 of 1979.

The UK tractor industry has also declined from a peak output of about 229,000 units to about 94,000—a big drop even when the fact thet today's vehicles may be more sophisticated is taken into account.

Imports

The automotive sector also points out how the upsurge in the import of finished manufactured products has snatched markets away from the dependent component suppliers.

Car assembly in the UK has been ravaged by imports—either directly by, for example, tha Japanese, or indirectly by multi-nationals such as Ford and General Motors operating in this country. By contrast car output has climbed in West Germany, France and Italy with Spain emerging as an important rival.

Such factors help explain why production of ferrous castings in the UK has been cut by half over the past two decades, while volume in France and West Germany has been sustained. In Japan output has more than doubled to 5.9m tonnes.

Tha mounting frustration of companies within the foundry sector at the seemingly inexorabla decline of their industry has prompted the formation of a new pressure group, tha Association of Major Castings Manufacturers.

The group is calling for urgent government action and warns that "on present trends the highly competent foundry industry—vital for Britain to retain its engineering base—could be swept away."

MAJOR CUSTOMERS FOR IRON CASTINGS

(000s tonnes)

	1975	1979	1980	1981	1982
Automotive	959	907	588	482	393
Ingot moulds	366	300	129	215	177
Pressure pipes and fittings	308	278	166	182	218
Buildings and domestic	328	302	254	209	226
Engineering	546	481	367	267	225
Other	495	409	343	288	235
Total	3,002	2,677	1,847	1,643	1,474

Source: Council of Ironfoundry Associations.

The association, which claims to represent 85 per cent of the independent castings suppliers to the automotive industry, includes Birmid Qualcast, Duport, Midland Industries, Castings, Triplex, Brockhouse and Butler Foundries.

The move by the leading companies in an industry as diverse as castings to join forces is likely to create a powerful lobby to persuade the Government to play a more interventionist role. Tha complaint is that the Government should develop a long-term strategy rather than stand back and allow a vital part of the engineering industry to slide away.

The immediate call is to be allowed to compete on equal terms with foreign companies. The foundries have met with success in breaking into new overseas markets and expanding exports—a difficult task where technological advantage bas to be ensured in order to offset the high transport costs of bulky components.

The industry argues that it is difficult to compete on price and profitsbility in world markets awash with excess production.

The association maintains that even within the European Community competitors "enjoy the benefit of more stabla demand, less demanding environmentl requirements and in certain countries direct or indirect government support."

Attention has focussed in particular upon Spain, already the equal of the UK as a car assembler, where import duties range from 33 to 38 per cent. By contrast, the association says, Spanish castings face duty of only about 4 per cent on entering the UK.

The association, which is seeking a personal meeting with Mr Patrick Jenkin, Industry Secretary, is likely to stress that after three years of shutdowns and sackings tha capacity now at risk is "strategic"—British industry will become increasingly dependent on overseas suppliers for key components.

Mr Terry Davies, chairman of Birmid Qualcast Foundries, one of the biggest iron castings operations in Europe, has cut his labour force from 12,000 to 4,000 in just five years.

He insists: "The country cannot turn its back on its major engineering strengths. The industry has invested in the face of falling markets. We are the equal in terms of productivity and technical expertise of the best of the international competition."

The need from government is for a commitment to retaining the industry and the creation of a framework within which the UK companies can compete. The containment of costs in the public sector, whether for energy, raw materials or local authority rates is seen as an important factor.

Action by the previous Labour government to offer incentives to stimulate new investment, in order to avoid capacity restrictions in any upturn, backfired. Though special foundry aid schemes prompted some £300m of spending the new capacity was coming on stream three years ago as recession began to bite.

Companies found themselves burdened with high debt charges at a tima of falling demand, fierce price competition, and rising costs.

The very compnaies that have invested to keep ahead in the technology race find themselves at a greater disadvantage—they need volume to spread costs but business is being snatched by cheap imports and often by the pricing policy of those foundries which did not invest.

Mr Davies sums up: "We have to get across to the government the urgency of the problem. The time for cuts has gone. Enough jobs have gone. We now need a strategy which will build upon the strengths of the industry and ensure prosperous employment for the thousands of workers who remain."

Arthur Smith

Rationalisation efforts try to match fall in demand

Forging: relying on car sales

AT THE centre of the British engineering industry the forging sector has been suffering badly for years. Despite all efforts to cut itself down to size in a reduced market, very few companies can claim to be making a respectable return. Indeed more than half of them are probably trading in the red.

Statistics compiled by the National Association of Drop Forgers and Stampers paint a gloomy picture. Last year production fell by 8.8 per cent to just over 252,000 tonnes, less than half the amount the industry was producing a decade ago. Apart from a small upturn in 1979 production has been beading steadily downwards ever since 1973. In part these statistics give a worse impression than the underlying reality — as production techniques become more sophisticated tonnage figures would shrink anyway. Nevertheless the curve on the graph is plain to see.

In response to the continuing fall in demand the industry has undergone wholesale rationalisation. In the drop forging sector employment has fallen by 10,000 to 14,000 since 1979. A vast amount of equipment is in mothballs, perhaps some of it never to be used again, and Mr David Powis, a director of the drop forgers' Association estimates the industry is working to about 60 per cent of capacity.

The drop forging industry is disproportionately represented by fairly small companies and Guest, Keen and Nettlefolds dominates the sector. Companies under its wing account for more than half UK output. And, in turn, the drop forgers as a whole are dominated by tha fortunes of the motor industry. According to the Association's figures last year 20 per cent of its output went to the car manufacturers, 25 per cent to commercial vehicles and 12 per cent to the tractor builders. In all just under two-thirds of output went to "mobile" end products which takes in earth moving equipment etc.

Upturn

To this extent the forgers should soon be feeling the first whiffs of an upturn. The Society of Motor Manufacturers and Traders is talking of UK car sales this year returning to the peak of 1.7m last recorded in 1979. Within that Mr Bill Seward of stockbrokers Phillips and Drew expects the number of British made cars to rise from the 887,000 of last year to around 980,000. The first quarter output figure of 266,000 against 257,000 for the first quarter of 1982 (incidentally the best quarter of the year) certainly underlines his prediction.

The optimism for UK production is based on BL's launch of tha Maestro, Ford's resolution to build more in the UK this year and the steady progress of Talbot and Vauxhall.

Forging production in the UK has been steadily declining in the face of competition from low-cost countries.

Tha only major uncertainty — strikes apart — is BL's threat to source more of its component parts outside Britain which ultimately could be bad news for hard pressed drop forgers. Certainly BL, in an effort to contain its own cost structure, is trying to turn the screws on its suppliers and it could get some parts cheaper overseas, especially whila those overseas manufacturers are suffering from excess capacity and willing to undertake low margin production. However, while some of BL's component business could dribble away to non-UK suppliers the political implications of BL flattening the British component industry to boost its own profitability may make widespread desertion to overseas sourcing unlikely.

Truck output too was looking more encouraging, at least until recently. Output halved from 1979 to 1981 and the small improvement last year was expected to follow through to further gains in the current 12 months. However, the 1983 first quarter production figures showed a 5.4 per cent setback against the corresponding three months while registrations were up 21 per cent. The problem is tough conditions in export markets and it does throw a shadow over earlier enthusiastic estimates.

While reliable statistics for forging product imports are unavailabla the drop forgers recognise the problem of sales from low cost countries such as Spain and the Far East. However, British industry exports some 14 per cent of its production, mainly to the U.S., Europe and Scandinavia. As far as David Powis can estimate imports account for no more than a similar percentage of the home market. Anyway striving for greater inroads in export markets offers little real potential. Of greater importance is the search for new techniques to improve precision forging methods to open up physical rather than geographic markets.

For the moment at least the drop forgers are feeling "cautiously optimistic" having passed what they saw to be the real "rock bottom" late last year. Yet there have been false dawns before and optimism is not a word that Mr David Clarke, managing director of Sheffield Forgemasters, would use with much confidence.

Sheffield Forgemasters has 4 to 5 per cent of tha drop forge market in tonnage terms, and rather more judged by valne, but it is the field of press forging where the company dominates the British market.

Link

Sheffield Forgemasters is an amalgamation of the big press forging business of Johnson & Firth Brown and British Steel Corporation. Such a link had been contemplated years before but it took the recession to bring the industry to its knees before the two agreed to marry.

Added impetus to a deal was given with the expiry last May of a 10-year agreement between the two whereby Firth Brown took on business from ingots of 75 tonnes and less and BSC's River Don Works undertook all the large forgings. The prospects of wider competition once that agreement ended would have hardly been welcome in the two board rooms as both companies were losing money.

The two operations had been rationalising their operations for some time. Firth Brown had cut its workforce from 4,500 to 3,000 at the time of the merger. Nevertheless, further cuts have been, and will be, made to make the new company "a slimmed down efficient organisation" as the announcement of the amalgamation proclaimed. Last August the two companies were forecasting that at least another 1,100 jobs would have to go.

Even though further rationalisation has taken out more presses, Sheffield Forgemasters still has "significant spare capacity" according to Mr Clarke. Given the parlous state of the heavy forging sector no wonder he feels less than enthusiastic. "We are the only people making large casting and large forgings, so I must be worried about the state of engineering in the UK," he adds.

Terry Garrett

CASTINGS AND FORGINGS IV

Fallback in once-promising overseas markets

UK patternmakers losing more jobs

AT THE time in the 1960s when Japanese manufacturers were buying up American and European machine tools, finding out how they worked, and then producing superior products, G. Perry and Sons, Britain's biggest foundry tooling manufacturer, was playing host to a group of eager young Spaniards.

The presence of the Spanish contingent formed part of a contract, won by G. Perry, for the supply of patterns and other foundry tooling to a Spanish foundry. The UK company had undertaken to train the visitors in the highly-skilled art of patternmaking.

With hindsight, it is no surprise to learn that today Spain has a patternmaking industry of its own. Not only have G. Perry's sales to Spain been cut from a high of 15 per cent of turnover to nil, but the Leicester-based company, part of the Weir Group, is beginning to bump up against Spanish competition in the UK market.

Static

While the competition does not even approach the havoc now raining upon Western machine tool builders from Japan, the story does help to illustrate the extremely delicate market position confronting Britain's patternmakers.

The pattern shops, which provide the basic moulds for the foundry industry, might once have hoped to be able to mitigate the effects of a slump in UK foundry business by exporting but this is becoming increasingly difficult. Broadly, exports of patterns have remained static, at about 15 per cent, for the past five years.

Europe and the U.S. are extremely difficult to penetrate, and once-promising markets in the developing world, such as India, Argentina, Brazil and Taiwan, have either formed their own patternmaking industry or fallen victim to recession.

Patternmaking is one of Britain's oldest and, arguably, most skilful crafts. "Our business," says G. Perry's managing director, Mr Charles Ward, "is making complex shapes." Patterns, the reverse images of often complex castings, such as cylinder blocks, are manufactured for the foundry industry to use in mould making. While new technology has brought machine tools into pattern shops, and enabled the manufacture of metal patterns, the traditional, hand-crafted, wooden pattern is still widely produced.

Although the pattern is the basic tool of the foundry industry, the UK's 300 pattern shops in many cases have expanded their operations to embrace production of other highly-specialised tools. For while the pattern is used by foundries to produce moulds that shape the exterior of components, entirely different techniques are required to produce the complex shapes that characterise, for instance, the interior of a cylinder block casting.

Probably, it has been the skills and adaptability of the patternmakers that have saved their industry from the fate that has befallen the foundries. The capacity to absorb new technologies became critical during the 1970s, when modern, mass-production foundry techniques effectively de-skilled many foundry jobs by making production easier. The pattern makers have taken the extra skills chiefly in foundry tooling, into account, and managed to ride the recession relatively smoothly despite heavy losses in foundry capacity.

Mr Gerry Eastwood, General Secretary of the Association of Patternmakers and Allied Craftsmen, nevertheless estimates that the number of jobs in the industry has halved to about 8,000 since the 1960s. About 4,000 jobs have been lost in the past 10 years, and losses have accelerated since 1981.

Where the industry, whose UK foundry market is currently worth about £10m a year, was taking on up to 300 apprentices a year before the recession, this has now dropped to 100. And as foundries close or run into financial trouble, dozens of in-house pattern shops have gone as well. The skilled people, many of whom are sufficiently well trained to find other work, are almost impossible to retrieve if business improves, say industry experts.

Turnover

Patternmaking, like the foundry business, is inextricably bound up with the motor industry, although aerospace, general engineering and agricultural equipment offer important business. G. Perry, for instance, does between 80 and 90 per cent of its foundry business with the domestic motor industry, chiefly Ford and BL, according to managing director Mr Charles Ward. Turnover at the company, £3.5m last year, has been cut by a third in three years as pattern orders have slowed. However, the group is still profitable.

Mr Eastwood echoes the sentiment. "If it wasn't for BL concentrating all its stooling work in this country we would be in a lot of troube," he says. Speculation that Ford might close its Dagenham foundry in the next few years is already beginning to test nerves in the patternmaking trade.

The continuation of domestically-sourced tooling for the car industry is critical. Tooling up for a new car can keep 200 patternmakers, both in-house and independent, in work for up to 18 months.

Peter Bruce

THE LAZARD STEEL FOUNDRY SCHEMES

OPENERS	CLOSERS
GENERAL CASTINGS	
Craigneuk medium foundry (British Steel Cpn.)	Triangle Alloys (Triangle International)
River Don heavy foundry (Sheffield Forgemstrs.)	H. Broadbent (Triangle International)
Brockhouse Castings (Brockhouse)	Sheffield Forgemasters railway foundry
Lake and Elliot Founders and Engineers	Craigneuk light foundry (British Steel)
National Steel Foundry (Lake and Elliot)	Wednesbury foundry (F. H. Lloyd)
Lloyds Burton (F. H. Lloyd)	Holcroft Castings (Renold)
Parker Foundry (F. H. Lloyd)	Head Wrightson, Thornaby (Davy Corporation)
Armadale foundry (North British Steel)	Head Wrightson, Billingham (Davy Corporatn.)
Bathgate foundry (North British Steel)	Ryder Brothers
Catton and Co. (Weir Group)	Wolsingham Steel (British Shipbuilders)
E. Jopling and Sons (Weir Group)	
Holbrook Precision Castings (Weir Group)	
HIGH ALLOY STATIC CASTINGS	
Darwins Alloy Castings (La Bour Pumps)	Thomas Carling and Co.
Dewramet	Sheepbridge foundry (GKN)
APV-Paramount (APV)	Langley Alloys (Low and Bonar)
Lake and Elliot	Wellman Alloys (Wellman Engineering)
Nicholson Shell Mouldings	Jonas Wells (Spencer and Holstead, BP)
Bonar Westcroft Casting (Low and Bonar)	
Craigneuk (British Steel Corporation)	
The National Steel Foundry (Lake and Elliot)	
Cattons (Weir Group)	
Holbrook Precision Castings (Weir Group)	
E. Jopling (Weir Group)	
VERTICAL SPUN ALLOY CASTINGS	
Firth Vickers Foundry (Sheffield Forgemasters)	Sheepbridge (GKN)

Capacity cuts scheme shows way

MONEY talks. Take, for instance, the attempts throughout the European Community, led by EEC Industry Commissioner Viscount d'Avignon, to try to persuade steelmakers to cut production.

After three years, little has been achieved and capacity in the EEC is still reckoned to be nearly 30m tonnes surplus to requirements. Hopes that a reasonable level of production will prevail throughout the EEC by the end of 1985 look increasingly forlorn.

Then take the British steels castings industry. Under a scheme designed by merchant bankers Lazard Brothers, capacity in the UK general steel castings industry will have been cut by June by 21 per cent in a fairly simple, one-off operation that ensures the disappearance of capacity for at least ten years.

Last June, a similar Lazards scheme saw five of the 16 countries making high alloy static castings in the UK close, and a third scheme was agreed last month between the two producers of vertical spun alloy castings.

"Quotas are not the answer," says Mr Peter Grant, the Lazards vice-chairman, who put the UK castings schemes together. "They leave capacity intact."

The idea behind the schemes is that a number of foundry owners in a given sector agree to close, thus making life more profitable for those that carry on. In return, those who agree to carry on compensate those who close.

Government aid of up to 25 per cent of the cost of the compensation adds to the attraction for the closers, while a little-noticed provision of the 1970 Income and Corporation Tax Act enables the "openers" to deduct from their taxable income any compensation paid to the closers.

Negotiate

With these principles, it becomes a question of negotiating how much tonnage is to close and how much is going to be paid to see it go.

Take the case of the general scheme, which is the largest agreed to date and which, involving 22 foundries, was the most difficult to negotiate. Under the final agreement worked out in mid-February, the openers are to pay a levy equal to about 17 per cent of their average annual turnover in the past three years.

The amount is to be paid five years after the effective date of the scheme, February 11 1983 but provisions have been made for prepayment. They can make three annual payments of 2.7 per cent of relevant turnover beginning next year or five annual payments.

As for the closers, most of them need the money immediately, to pay redundancy and other closure costs, so a deal has been made with Finance for Industry to discount the openers' promissory notes. Thus, the closers get an amount equal to about 22 per cent of their relevant annual turnover immediately, plus another 3.5 per cent in five years' time.

By August 10 this year, the closers are expected to have stopped melting scrap, and they are committed to breaking up their furnaces. The agreement ends on Thursday February 11 1993. In a note sent to participants in the scheme, Lazards also pointed out that neither the company nor its directors could engage in the "production of distribution of steel casting in the UK in any new enterprise for the 10-year duration of the scheme."

However, the Lazards schemes have met a good deal of criticism. Chiefly, it has been argued that because they are entirely voluntary, there is no way of stopping fairly healthy foundries from electing to close leaving less efficient operations to pick up market share. Also, many of the closers are near bankruptcy anyway, and are simply being given extra cash to close. Others feel that the schemes have not cut enough capacity.

Peter Bruce

High-quality specifications can be adhered to using a revolutionary new casting process

Precision method ensures accuracy in aluminium

COSWORTH ENGINEERING, the subsidiary of UEI, known for the production of its Formula 1 racing car engine, has set up its own research plant which has developed a revolutionary new casting process.

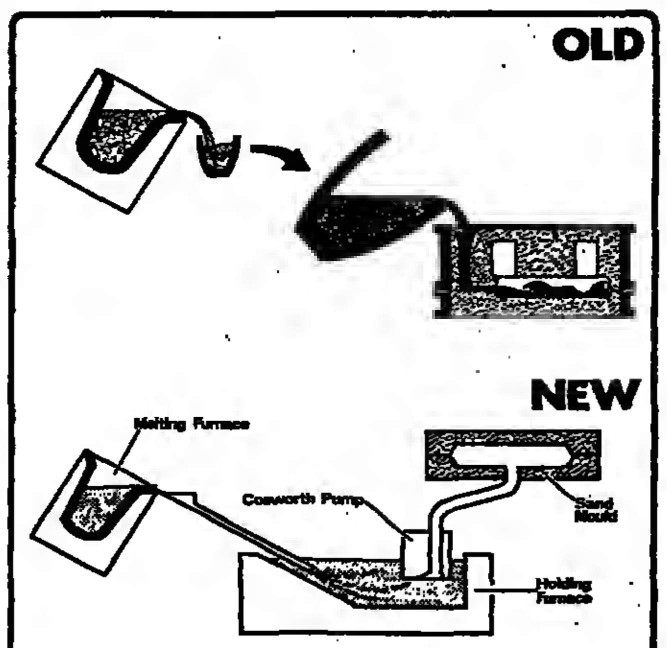
Cosworth Research and Development, based in Worcester, has spent £1.5m on a "high-precision, low-pressure sand casting" process which improves the performance of aluminium castings by reducing turbulence in production and improving the strength and flexibility of the casting.

The research subsidiary was set up because Cosworth Engineering had increasing difficulty in getting aluminium castings with enough strength, reliability and accuracy for its highly-specialised Formula 1 engine.

The company's technical director, John Campbell, found that suppliers were using "fundamentally suspect" processes and they were not motivated to change. This attitude led Cosworth to set up the research plant under its own control and this enabled the company to procure precision castings produced to its own high-quality specifications.

Cosworth plans to sell the process, under licence, to other companies which need high-quality precision castings. The company has an agreement with GKN contractors to make all the technology available in a complete foundry package.

At present, the company's aluminium-alloy castings are used in the production of cylinder heads for the Cosworth DFV Formula 1 engines used, among others, by Brabham, Williams, McLaren and Hesketh. This remarkable engine has been a crucial part of more than 125 Grand Prix wins and powered the winning car at the last five Indianapolis races.



The old, conventional process operates through making a turbulent transfer of metal to an intermediate ladle before filling the mould through a complex running system designed to reduce turbulence. In the new Cosworth and GKN process the metal is transferred directly into a holding furnace, so reducing turbulence. It is then pumped into the mould from below via a system of ceramic tubes. The result is a high-strength, high-integrity casting with an excellent surface finish

Inquiries

The Cosworth process has attracted inquiries from British Aerospace, Daimler, Lucas, GKN and British Leyland and the company is already producing air inlet castings for Rolls-Royce GEM helicopters and cylinder blocks for the Perkins V8 engine.

Cosworth points out that with conventional sand castings there is a great deal of turbulence when the hot metal is transferred to an intermediate ladle before being poured into a mould. Aluminium oxide forms and the metal being cast becomes filled with layers of oxide which cause porosity, that is, holes in the metal.

The low-pressure die-casting production method suffers from the same problem—turbulence and porosity—and high-pressure die-casting, though it produces a good surface finish, does not produce castings with enough strength for components such as the DFV Formula 1 cylinder head.

Cosworth Research and Development believes it has overcome these problems by using a process in which the metal is first melted in a resistance heat furnace before being transferred to a holding furnace where it is held for five to six hours.

The metal is not handled in ladles but transferred directly into the casting cavity via the holding furnace. The metal is taken from a point approximately mid-depth in the holding furnace after heavy non-metallics have sunk to the bottom and light non-metallics have floated to the top.

The metal is then forced into the mould from underneath through a system of electrically-heated ceramic tubes whereby it displaces air and gases in a controlled fill without turbulance.

In addition, the Cosworth process uses an Australian sand called zircon which reduces expansion of the metal in the mould and has about twice the heat capacity of the more commonly-used silica sand.

The process gives a saving in setting up time and machining time and a theoretical study shows production costs reduced by 21 per cent.

As far as Cosworth Research and Development is concerned, with 60 per cent of its engines currently being exported and with new orders coming in, its move into the high value precision castings business is paying handsome dividends.

Ken Ferris

Merger plan for research takes shape

THE TWO major UK metal casting research organisations are at long last moving towards a merger, but the final shape of the new organisation is still not clear.

The current plan, agreed in principle in January, is that the British Cast Iron Research Association and the Steel Castings Research and Trade Association merge into a new Institute of Casting Technology based at BCIRA's headquarters at Alvechurch, near Redditch in Worcestershire. SCRATA's establishment in Sheffield would gradually be phased out.

The plan calls for members of both associations to approve the merger at extraordinary general meetings this summer and the merger to occur before the end of the year.

That appears to be slightly less certain on the steel side than on the iron side. The steel foundry industry is much smaller than the iron foundry side, but the steelcasters consider themselves more sophisticated, turning out high integrity products in a variety of alloys with high added value.

"There are a lot of difficulties in this endeavour to bring about a merger," Mr Les Halling, chairman of the steelcasters' association, says. "Among them is the fact that we are dealing with people."

SCRATA members and staff have not taken kindly to the idea that their Sheffield research centre, which is recognised throughout the world, closed down. "We think wiser counsel would have the new association on two sites," Mr Halling says.

He points out that while BCIRA members pay a compulsory levy, SCRATA members subscribe voluntarily to their association. "We have to carry our members along with us, and a lot don't like the smell of it."

The two organisations have been having desultory talks about the possibility of merging for a couple of decades.

Push

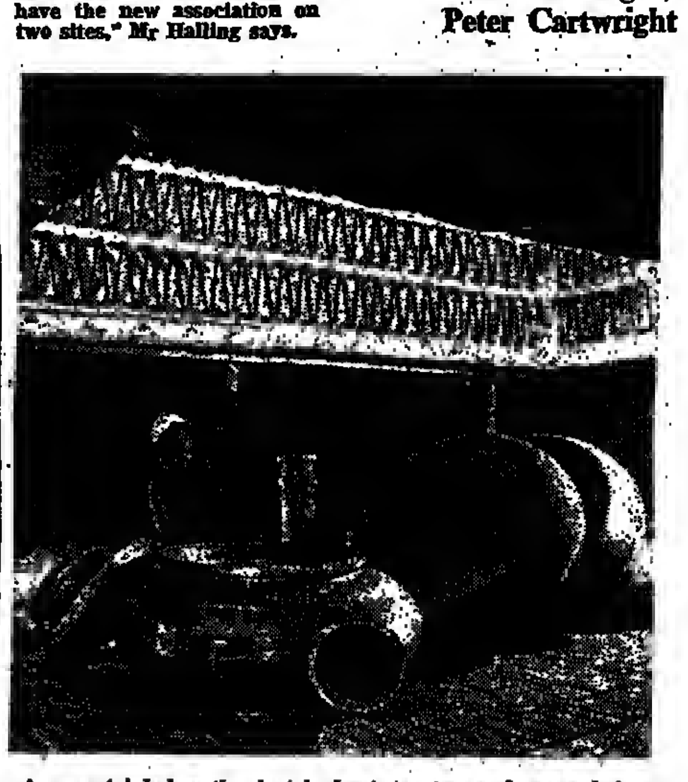
Sir Monty Finniston supported the idea when he was chairman of the British Steel Corporation, and Lord Bessborough's report on British research associations gave it another nudge. But it has taken the current recession, during which over a third of the capacity of iron and steel foundries has been removed, to provide the big push needed. The Department of Industry, which helps fund the operations of both organisations, has also been encouraging a merger.

Mr Henton Morrogh, director of BCIRA, says his side is approaching the idea "with enthusiasm."

Both organisations have a select worldwide membership, and both undertake contract work as well as carrying out metallurgical and engineering research for the benefit of all.

If the merger succeeds, it could lead to other connections. For example, the cast iron research association has recently been taking on technical work for the aluminium casting industry.

Ian Rodger/ Peter Cartwright



A new triple-hearth electric heat treatment furnace being lowered on to pump castings.

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Insurances—continued

LONDON TRADED OPTIONS

Option	Calls July	Calls Oct.	Calls Jan.	Puts July	Puts Oct.	Puts Jan.
Brit. Petroleum (*370)						
300	84	90	—	2	6	—
330	54	60	—	4	9	—
360	30	38	60	12	20	26
390	16	24	62	60	63	40
420	7	14	—	62	56	—
Cons. Goldfields (*659)						
420	750	—	—	2	—	—
460	170	127	—	4	6	—
500	77	90	87	7½	20	27
550	08	30	70	26	40	47
600	16	32	—	52	—	—
Courtaulds (*97)						
70	61	63	—	1	2	—
80	21	23	25	1½	6	4
90	14	16	18	6	6	7
100	7½	10	12	9	11	13
Commercial Union (*164)						
120	48	50	—	7½	1½	—
130	38	40	—	2	3	—
140	29	34	67	3	6	9
160	13½	20	25	8	10	14
G.E.C. (*218)						
180	48	52	—	3	7	—
200	28	67	—	7	12	—
220	10	26	34	77	22	25
240	8	14	22	26	32	36
260	3	—	—	44	—	—
Grand Met. (*627)						
280	62	—	—	4	—	—
300	34	43	—	8	11	—
330	16	24	33	18	27	23
360	10	16	24	67	60	40
390	4	8	—	65	67	—
I.C.I. (*448)						
330	124	—	—	3	—	—
360	94	100	—	4	4	—
390	65	74	—	6	8	—
420	42	52	62	12	20	24
460	20	62	38	26	38	42
500	10	18	24	56	54	58
Land Securities (*606)						
260	49	55	—	3	—	—
280	29	57	—	7	11	—
300	14	25	32	12	17	22
330	4	14	21	34	40	43
Marks & Spencer (*207)						
180	25	33	—	5	3	—
200	13	24	32	11	16	17
220	8	16	21	24	26	28
240	3	—	—	42	—	—
Shell Transport (*460)						
390	100	104	—	2	3	—
420	70	73	—	3	10	—
460	32	42	60	10	18	28
500	16	24	32	52	40	48
550	6	17	—	74	80	—

Option	Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
Barclays Bank (*460)						
360	703	173	—	2	2	—
390	73	83	—	2	3	—
420	43	68	75	2	7	12
460	10	68	52	7	25	62
500	2	15	27	42	46	58
Imperial Group (*116)						
90	25	—	—	0½	—	—
100	15	—	—	1	—	—
110	6	16	14	0½	6	7
120	1½	7	9	7	11	13
130	1	3	5	27	12	20
LASMO (*285)						
210	82	96	100	1	6	5
230	62	76	85	1	4	8
250	42	60	70	1½	12	20
270	26	46	62	6	20	28
290	8	37	—	17	32	—
300	—	—	40	—	—	42
330	3	20	—	37	50	—
360	—	—	28	—	—	60
390	1½	—	—	—	—	—
Lonrho (*89)						
80	10	14	16	1	2	3
90	2½	8½	10	3	6½	7½
100	0¾	6	6	11	13	15
P. & O. (*146)						
100	47	53	—	1	1	—
110	37	43	—	1	2	—
120	27	33	36	2	2	6
130	17	24	27	2	3	6
140	7	18	22	2	8	12
160	1½	8	12	18	23	26
Racal (*460)						
420	54	70	90	6	2	14
460	17	40	80	8	23	32
500	4	23	40	37	47	57
550	2	12	—	85	87	—
600	2	6	—	135	167	—
650	2	—	—	185	—	—
R.T.Z. (*569)						
390	187	—	—	0½	—	—
420	157	170	—	0½	—	—
460	117	130	—	0½	6	—
500	77	80	110	2	8	14
550	60	62	70	4	20	38
600	6	63	46	38	47	66
Vaal Reefs (*$726)						
80	—	—	—	1	—	—
90	36½	37	40	1	1	2½
100	23½	28	35	1	2	3
110	16½	22½	29	0¼	4½	7½
120	7	17½	24	1	7½	10½
130	8	18	17	3½	12	14½
140	1¼	7	11½	—	—	—

Option	Calls June	Calls Sept.	Calls Dec.	Puts June	Puts Sept.	Puts Dec.
Beecham (*373)						
360	28	38	48	10	14	20
390	13	28	35	23	32	68
420	5	12	20	47	65	60
Guest Keen (*153)						
155	25	27	66	2	5	9
165	2	14	18	10	16	18
175	3	7	11	26	26	29

Total Contracts 1,995 Calls, 1,622 Puts 375
* Underlying security price.

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Frankfurt Trust Investment-GmbH

Free World Fund Ltd.

G. T. Management (U.K.) Ltd.

Gartmore Fund Managers Ldn. Agents

Gartmore Fund Managers (IOM) (a)

Granville Management Limited

Hambros Fd. Mgrs. (C.I.) Ltd.

Henderson Admin. & Man. (Guernsey)

Henderson Baring Group

Hill Samuel & Co. (Guernsey) Ltd.

Hill Samuel Investment Mgmt. Intnl.

HK Fund Managers (Jersey) Ltd.

I.C. Trust Managers Ltd.

IGF Management Services Inc.

N.V. Interbeheer

International Bond Trust

International Pacific Inv. Mgmt. Ltd.

Invicta Investment Management

Jardine Fleming & Co. Ltd.

Kleinwort Benson Group

Korea International Trust

Lazard Brothers & Co. (Jersey) Ltd.

Leopold Joseph & Sons (Guernsey)

Lloyds Bank (C.I.) U/T Mgrs.

Lloyds Bank International, Geneva

Lloyds Bank International, Guernsey

Louis Dreyfus Commodity Fund

M & G Group

Management International Ltd.

Manufacturers Hanover Asset Mgt.

Midland Bank Tst. Corp. (Jersey) Ltd.

Minerals, Oils Res. Shrs. Fd. Inc.

Samuel Montagu Ldn. Agents

Murray, Johnstone (Inv. Adviser)

Negit S.A.

N.E.L. International Ltd.

Newport International Management

Normandy Trust Managers Ltd.

Old Court Fund Managers Ltd.

Pacific Basin Fund

Phoenix International

Providence Capital International Ltd.

Quest Fund Man. (Jersey) Ltd.

Quilter/Heinold Commodities

Rea Brothers (IoM) Ltd.

Richmond Life Ass. Ltd.

Rothschild Asset Management (C.I.)

Royal Bank of Canada Funds

Save & Prosper International

Schroder Mngt. Services (Jersey) Ltd.

J. Henry Schroder Wagg & Co. Ltd.

Schroder Unit Trust Mgrs. Int. Ltd.

Scrimgeour Kemp-Gee Mngmt., Jersey

Securities Selection Ltd.

Sentry Assurance International Ltd.

Singer & Friedlander Ldn. Agents.

Strategic Metal Trust Mngrs. Ltd.

Stronghold Management Limited

Surinvest (Jersey) Ltd.

TSB Trust Funds (C.I.)

Tokyo Pacific Holdings N.V.

Tyndall Bank (Isle of Man) Ltd.

Tyndall Group

Union Investment-Gesellschaft mbH

Unico Invest Fd Mgt Co SA Lux

V.C.A. Financial Management Ltd.

Vanbrugh Fund Mngmt. Intl. Ltd.

S. G. Warburg & Co. Ltd.

Warburg Invest. Mngt. Jrsy. Ltd.

Wardley Investment Services Ltd.

WestAvon Secs (Guernsey) Ltd

World Wide Growth Management

Wren Commodity Management Ltd.

NOTES

INTERNATIONAL CAPITAL MARKETS

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$375	1	72	—	—	1	67	$443.28
[illegible]								

TOTAL VOLUME IN CONTRACTS 12,763

A=Asked B=Bid C=Call P=Put

International Guide to the Arts

Every Friday, the international edition of the Financial Times publishes a comprehensive guide to all major artistic functions in Europe and North America.

The latest productions in the visual and performing arts are listed while Financial Times critics offer topical reviews of the most recent film premieres in London.

LONDON RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price p	+ or −	Net div.	Times covered	Gross yield	P/E ratio
[illegible]											

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price £	+ or −
[illegible]							

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price p	+ or −
[illegible]							

Renunciation date usually last day for dealing free of stamp duty. [illegible]

Credit Agricole in $250m FRN

By Mary Ann Sieghart in London

CREDIT AGRICOLE, the French co-operative bank, launched a $250m floating rate note with warrants on the Eurodollar bond market yesterday. The issue is led by Kidder Peabody together with Merrill Lynch and Salomon Brothers.

The 12-year note pays a coupon of ¼ point over the six-month London interbank offered rate at a price of par. There are put options for the investor to redeem the bonds in December 1990 and June 1993, while the issue is callable by the borrower in June 1986.

Each $10,000 bond carries five warrants, each of which can buy a 10⅝ per cent, 6½ year straight bond. The warrants are exercisable until next June.

The issue was well-received, with the stripped bonds selling in the pre-market at about 99.10, and the warrants at about $23 each.

Creditanstalt-Bankverein is raising $50m through a five-year, 10⅝ per cent bond priced at par. Led by S.G. Warburg with European Banking Company and Manufacturers Hanover, the bond is non-callable. Market sources suggested that it involved an interest rate and currency swap into sterling, whereby the issuer swaps its fixed-rate dollar finance for floating rate sterling.

Some market participants suggested that the terms were a little tight for an Austrian bank, particularly with the surfeit of straight bank bonds in the market. It traded initially at a discount of about 1⅞ points, outside its selling concession.

The third new dollar deal was a convertible from Great Western Financial Corporation, the second largest savings and loan institution in the U.S. The 15-year, $50m bond will pay a coupon of 7½ to 8 per cent and will carry a conversion premium of 15–18 per cent, with the final terms being set next week. The issue is led by Credit Suisse-First Boston and started trading at around par.

Prices in the dollar secondary market rose about ¼ point in moderate turnover.

Banque Nationale de Paris launched a C$60m, 10-year issue yesterday, with a coupon of 12 per cent at par. BNP is leading the deal together with Wood Gundy and Orion Royal.

The Nordic Investment Bank became the first foreign borrower to tap the Danish domestic market yesterday when it launched a DKr 100m, 7 per cent bond at par. The maturity is ten years, but premature repayments give it an average life of 6½ years.

Den Danske Bank, Copenhagen Handelsbank and Privatbanken are leading the deal.

South African Transport Systems has come to the German market a week earlier than expected with a DM 100m, seven year bond at 8¼ per cent. The issue price is not yet fixed, but will probably be slightly under par. Led by BHF Bank, the issue is guaranteed by the Republic of South Africa.

Prices in both the Swiss and German markets closed unchanged in quiet turnover. Today is a bank holiday in both countries.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The following are closing prices for May 11.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amax O/S Fin 13¾ 89	100	96¾	96⅞	+0½	−0⅛	10.53
Amro Bank 13 88	200	100¾	106⅞	+0¼	+0½	11.03
Bank of America 0 88 XW	150	99⅞	99¾	+0⅛	0	10.70
Bank of Tokyo Hold 11 90	100	100¼	100¾	+0⅛	+0¾	10.88
British Col Hyd 10⅛ 88	200	99¾	100¼	+0⅛	+0⅝	10.23
Canadair Ltd 12½ 89	175	107⅞	108¼	+0⅛	+0⅛	10.70
Canadian Wheat 11¼ 90	50	102½	103	+0⅛	0	10.57
CIBC 11 90	75	96¾	96⅞	+0⅛	0	11.29
Coca Cola Int 9⅞ 92	100	26¾	27¼	+0½	+0⅝	10.38
Coca Cola Int 11⅜ 89	150	105⅝	106⅛	+0¼	+0⅛	10.41
Cred Suisse BHA 10½ 90	150	100¼	100¾	+0⅛	−0⅛	10.38
Credit Suisse 10½ 89	100	102⅝	103⅛	+0¼	+0⅝	9.84
Deutsche Bk Fin 14⅛ 89	300	112⅝	112⅞	0	0	11.30
Du Pont 11¼ 88	100	103¾	104¼	0	+0½	10.62
Du Pont 14⅛ 88 WW	200	100	100½	−0⅛	−0⅜	11.91
E.D.C. 10⅝ 88	100	101⅜	101⅞	+0⅛	+0¼	10.26
E.D.F. 11⅛ 88	100	98¾	98⅞	+0⅛	−0⅛	11.30
E.D.F. 10¾ 95	75	97⅛	97⅝	+0⅛	+0⅛	11.13
E.E.C. 11⅛ 88	200	100⅝	101⅛	+0¼	+0⅝	11.30
E.I.B. 11 91	125	100½	101	+0⅛	+0⅝	10.84
Exp Dev Corp 11⅜ 87	100	103¾	104¼	0	+0⅝	10.54
Forsmarks 13⅜ 92	75	100⅝	100½	+0⅛	+0⅝	12.00
Fuji Int Fin 10⅞ 90	100	99⅝	99⅞	+0⅛	0	11.11
Gaz de France 12⅛ 93	175	102⅜	103⅜	+0⅛	+0⅝	11.70
Gen Elec Credit 9⅝ 91	150	18⅛	18⅝	−0⅛	+0⅝	10.30
Gen Elec Credit 12 89	100	107⅜	108⅛	+0⅛	+0½	10.20
GMAC O/S Fin 10½ 90	200	101¼	101¾	0	+0⅝	10.10
Gulf Oil Fin 12⅛ 87	100	104⅞	105⅝	0	+0½	10.80
Honeywell Int 10⅞ 90	100	100	100½	+0¼	+0⅞	10.89
IBM World Trade 12⅝ 92	200	110⅝	110⅝	0	−0⅝	10.42
Indust Bk Japan 10⅞ 89	100	100	100½	+0⅛	+0⅝	10.00
Manitoba Prov 11⅜ 90	125	105⅛	105⅝	+0⅛	+0½	10.51
Manitoba Prov 13⅜ 88	100	111½	111⅝	−0⅛	+0¾	11.13
Merrill Lynch 10⅝ 90	200	99½	100	−0⅛	−0⅛	10.67
Midland Int Fin 11½ 93	150	102½	103	+0⅛	+0½	11.00
Mitsubishi Corp 10½ 00	100	98¾	99⅛	+0⅞	+0¼	10.68
Nat West Fin 11⅜ 92	150	103⅝	104¼	0	−0⅜	11.02
Nippon Credit 11⅛ 93	100	99⅝	99⅞	−0⅛	+0⅞	11.30
O.K.B. 10 91	100	96⅛	96⅝	+0⅛	+0⅝	10.60
Ontario Hydro 11⅛ 88	200	104⅛	104⅝	+0⅛	+0⅜	10.28
Ontario Hydro 12⅝ 92	200	109⅛	109⅝	+0⅛	+0⅜	11.05
Prudential O/S 10⅝ 93	100	100⅝	101⅛	+0⅛	0	10.45
Prudential O/S 12⅜ 87	150	108⅝	108⅞	+0⅛	+0⅝	10.10
Quebec Hydro 11½ 92 0	100	103⅛	103⅝	−0⅛	+0½	10.80
R. J. Reynolds 12⅜ 88	100	107⅜	107⅞	+0⅛	+0½	10.09
Saskatchewan Pr 10¾ 00	125	100⅝	100⅞	+0⅛	+0⅛	10.00
S.N.C.F. 11½ 93	100	100½	101	+0¼	+0⅛	11.36
Sth Cal Edison 10⅛ 90	75	100⅛	100⅝	+0⅛	+0½	10.42
Swiss Bk Corp 10⅛ 90	125	102⅜	102⅞	0	0	9.68
Texaco Capital 9⅛ 90	150	96⅝	97⅛	+0⅛	+0⅛	10.27
U.B.S. 10 89	100	102⅜	102⅞	+0⅛	−0⅛	9.31
U.B.S. 11 89	150	104⅛	104⅝	+0⅛	−0½	10.00
Walt Disney Pro 12⅛ 90	75	106⅝	107⅛	0	0	10.80
Westpac Int Fin 11 90	100†	98⅝	99⅛	+0⅛	+0¼	1.17
World Bank 10⅝ 88	150	100⅛	100⅝	0	+0⅝	10.23
World Bank 10⅞ 93	100	100⅝	101⅛	+0⅜	+0⅜	10.72
World Bank 11⅛ 88	100	101¼	101¾	+0½	+1	10.80

Av. price changes: on day +⅛, on week +⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅛ 93	200	99⅝	100⅛	0	+0⅝	8.08
Bank of Tokyo 7¼ 90	100	99⅜	100⅛	0	−0¼	7.10
Bayer Capital 7⅝ 89	150	104⅛	105⅛	0	+0½	6.69
Caisse Nat Energie 8 93	100	99⅝	100⅛	+0⅛	+0⅛	7.98
Caisse Nat Tele 7⅝ 93	200	98	98½	0	−0⅝	8.01
E.C.S.C. 7½ 93	150	98⅝	99⅛	0	0	7.84
E.E.C. 7⅝ 95	200	99⅝	100⅛	0	0	7.73
E.E.C. 8 94	200	100⅝	101⅛	0	+0⅛	7.82
Escom 8½ 90	150	101⅜	101⅞	+0⅛	+0¼	8.18
Eurofima 7½ 91	100	101⅜	102⅛	0	−0¼	7.10
Ferrovie Dello 8¼ 89	150	101⅞	102⅜	0	+0¼	8.10
H.J. Heinz Int 6¾ 88	50	100⅝	101⅛	0	−0¼	6.49
Int-Am Dev Bk 7⅝ 93	200	97⅜	98⅛	0	−0⅝	8.03
Int-Am Dev Bk 8¼ 93	150	101	101½	0	0	8.05
Ireland 8⅛ 90	150	101½	102	0	0	8.14
Ireland 8⅞ 91	150	102½	103⅛	−0⅛	−0⅛	8.34
ITT Antilles 7 93	200	98	98½	+0⅛	+0⅛	7.25
McDonalds Fin 7⅛ 93	100	101⅜	102⅛	0	+0⅛	6.96
Mitsui O.S.K. 7⅛ 88	100	100⅝	101⅛	0	0	7.02
Mount Isa Fin 7⅝ 90	100	98⅝	98⅞	+0⅛	+0¼	7.88
Quebec Hydro 8 93	200	102½	103	−0⅛	0	7.58
Sweden Kingdom 8¼ 89	150	102⅝	103⅛	+0¼	+0⅝	7.64
Volkswagen Int 7⅛ 93	200	97⅝	98⅛	+0⅛	0	7.52
World Bank 7¼ 93	200	97⅝	98½	+0⅛	+0½	7.52
World Bank 7½ 93	300	99	99½	+0⅛	+0¼	7.61

Av. price changes: on day 0, on week 0

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 5½ 95	100	99	99¼	0	0	6.00
American Express 4¾ 93	100	95½	95¾	+0⅛	−0⅝	5.33
Asian D.B. 5⅝ 95	100	98	98⅛	−0¼	−0½	6.00
BTR Finance 5⅝ 93	75	98¼	98½	+0½	+0⅛	5.84
Carls-Tuborg Brw 5⅝ 93	80	102½	102¾	0	−0½	5.40
Chugoku Ele Pow 6⅛ 91	100	101¼	101½	−0⅛	−1	5.80
Chujitsuya Co 5⅞ 93	50	97	97¼	−0⅛	−0½	6.27
E.I.B. 5¾ 93	100	99¼	99½	−0⅛	−0⅛	5.83
Ex-Im Bk Japan 5 93	100	96⅝	96⅞	−0⅛	−0¼	5.47
Fuji Electric Co 6 93	100	101¼	101½	+0⅛	−0⅝	5.81
Gothenburg Airport 6 93	50	100½	100¾	+0¼	+0½	5.91
HCA Finance 5 93	100	97½	98	−0⅝	−0⅛	5.30
Manitoba Prov 5⅞ 93	100	101⅝	101⅞	+0⅜	−0¼	5.92
Nippon Express Co 6 93	50	101	101½	+0⅞	+0⅝	6.02
Nippon Koken 5⅞ 93	100	96⅝	96⅞	−0⅛	−0⅝	6.22
Norsk Hydro 5½ 98	100	98	98¼	0	−0⅝	5.09
O.K.G. 6⅛ 93	80	101	101¼	−0½	−1	6.58
Quebec Hydro 5½ 93	100	100	100¼	+0⅛	+0⅛	5.48
Sekisui House 6 93	100	100⅛	100½	0	−0⅝	5.95
Shikoku Elec Pow 5⅝ 93	100	98	98¼	+0⅛	0	5.88
Tohoku Elec Power 6 93	100	100⅛	100½	−0⅛	−0⅝	5.96
Transcanada Pipe 5⅞ 93	100	99	99¼	0	+0¼	6.07
Triac Corp 6⅛ 91	100	101⅞	102⅛	−0½	−0½	5.93
Union Bk Norway 5⅞ 93	80	97½	97¾	0	−0⅝	5.89
Volvo 5⅝ 91	50	100	100¼	+0⅜	0	6.35
World Bank 5⅛ 93	100	99½	99¾	+0⅛	−0⅝	5.55

Av. price changes: on day 0, on week −⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅛ 93	15	105⅛	106	0	0	7.75
E.I.B. 8⅛ 93	15	102⅝	103½	+0⅛	+0⅝	7.79
Japan Airlines 7⅝ 87	8†	101½	102	−0⅛	−0⅛	7.27
New Zealand 7⅝ 89	15	101⅝	102⅜	+0⅛	+0½	7.21
World Bank 8⅝ 92	20	103½	104¼	0	+0⅝	7.76

Av. price changes: on day 0, on week +⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Cayme 12½ 00 CS	50†	99¼	99¾	0	+0⅝	12.58
Farm Credit 12⅛ 93 CS	50†	100	100½	0	+1	11.95
Intprov Pipe 12⅛ 93 CS	50†	99¼	99¾	0	+0¼	12.34
Pancanadian 12½ 93 CS	50†	100	100½	0	+0⅝	12.44
Quebec Hydro 14 92 CS	60†	107½	108½	0	0	12.48
Swed Exp CR 12⅛ 89 CS	50†	103½	104½	0	0	11.00
Trans Mont 12½ 90 CS	20†	97⅝	98⅝	0	−0⅝	12.38
E.I.B. 11⅜ 01 ECU	60	100⅝	101⅜	−0⅛	+0⅝	11.53
Quebec Prov 11½ 88 ECU	50	98	98⅝	−0½	+1½	11.88
Austria 7½ 88 Fl	100	99¼	99⅝	+0⅛	+0⅝	7.82
Consol Foods 7⅛ 88 Fl	100	99½	99⅞	0	+0⅝	7.05
Nederland Gas 7½ 88 Fl	100	100½	100⅞	0	+0½	7.40
Philips Lamps 7⅛ 88 Fl	100	100	100½	0	+0⅛	7.19
Quebec Prov 7½ 88 Fl	100	99⅝	99⅞	+0⅛	+0⅝	7.82
World Bank 7 88 Fl	150	97½	98	−0⅝	−0½	7.57
O.K.B. 14 88 FF	400	99⅝	100⅝	+0⅛	+0⅛	13.98
Solvay & Cie 14⅝ 88 FF	200	100½	101½	+0⅛	+0⅛	14.24
B.F.C.E. 11½ 88 £	50	99	99⅝	+0⅛	−0¼	11.85
B.F.C.E. 14½ 87 £	30	107⅝	108⅝	0	−0⅝	11.94
C.N.T. 12⅛ 89 £	20	101⅝	102⅝	+0⅛	−0¼	12.02
E.E.C. 11⅞ 01 £	80	99⅝	100⅛	0	0	11.90
Fin For Ind 12⅛ 89 £	30	103⅝	104⅝	+0¼	−0½	11.10
Fin Nat Gran 12⅝ 92 £	38	103⅝	104⅝	+0⅛	+1⅛	11.94
Gen Elec Co 12½ 89 £	50	106	106	0	−0¼	11.13
Hiram Walker 14⅛ 86 £	25	107¼	108¼	0	+0⅛	10.96
Mort Bk Fin 11⅜ 89 £	10	97	98	−0½	−0½	12.20
Norsk Hydro 12 00 £	30	101⅛	102⅛	0	−0⅛	11.60
Norsk Hydro 14½ 87 £	30	107⅝	108⅝	0	−0⅝	11.83
Quebec 14½ 89 £	30	109¼	110¼	0	−0¼	12.18
S.D.R. France 15½ 93 £	30	107⅝	108⅝	+0⅛	−0⅝	13.08
S.N.C.F. 11⅛ 89 £	30	97⅝	97⅞	−0⅛	−0⅛	11.95
Tenneco Int 14⅝ 87 £	30	108⅝	109⅝	+0¼	+0½	11.90
World Bank 11⅜ 91 £	75	98⅝	99⅝	+0⅛	+0⅛	11.57
Euratom 11 93 LuxFr	500	103½	104½	+0⅛	+0½	10.32
Eurofima 10⅝ 93 LuxFr	800	102⅜	103⅜	+0⅛	+0⅝	10.10

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
Bank of Tokyo 6⅛ 91 (D)	0⅛	100	100½	10/6	9⅝	9.73
B.F.C.E. 5⅛ 88	0⅛	99⅛	99⅝	28/7	9⅛	9.30
B.F.C.E. 5⅛ 87	0⅛	99⅝	99⅞	27/7	9.34	9.38
Caisse Nat Tele 5⅛ 90	0⅛	99½	100	21/10	9.50	9.50
C.C.F. 5⅛ 95	0⅛	99⅝	99⅞	7/10	10.19	10.21
C.C.F. 0⅛ 98	0⅛	99⅝	100⅛	24/8	9.94	9.94
Cepme 5⅛ 88 WW	0⅛	99⅝	99⅞	0/8	9⅛	9.27
Cepme 5⅛ 92	0⅛	99⅝	99⅞	10/6	9.94	9.96
Chemical NY 5⅛ 94 ††	0⅛	100⅛	100⅝	23/6	9⅝	9.83
Credit Agricole 5⅛ 97	0⅛	99⅝	100⅛	24/9	10	10.01
Credit du Nord 5⅛ 92	0⅛	99⅝	99⅞	23/6	10⅛	10.21
Credit Lyonnais 5⅛ 97	0⅛	99⅝	99⅞	1/10	10.06	10.08
Credit Lyonnais 5⅛ 94	0⅛	99⅝	99⅞	5/7	9⅝	9.75
Credit Nat 5⅛ 94	0⅛	99	99½	9/9	9⅛	9.32
E.D.F. 0⅛ 95 XW	0⅛	99⅝	99⅞	10/6	10	10.04
Kansallis Osake 5½ 93	0⅛	99⅝	100⅛	8/11	9⅛	9.11
Long Term Cred 5⅛ 92	0⅛	99⅝	100⅛	27/6	10⅛	10.13
J.P. Morgan 5⅛ 97 S	0⅛	100⅛	100⅝	12/6	9½	9.44
New Zealand 5⅛ 87	0⅛	100¼	100¾	7/10	10.06	10.01
NZ Steel Dev 5⅛ 92	0⅛	100	100⅛	22/6	10.19	10.10
Nippon Credit 5⅛ 90	0⅛	100⅛	100⅝	16/9	9⅝	9.85
Scotland Int 5⅛ 93	0⅛	100⅛	100⅝	23/9	9.94	9.91
Sec Pacific 5⅛ 91 †	0⅛	100	100½	24/6	10.06	10.04
Société Générale 5⅛ 96	0⅛	99⅝	99⅞	1/9	9½	9.55
Standard Chart 0⅛ 91	0⅛	100	100⅛	10/6	10.00	10.06
Sweden 5⅛ 93	0⅛	99⅝	100⅛	3/8	10.19	10.19
Sweden 5⅛ 89	0⅛	99½	100	26/8	9⅝	9.65

Av. price changes: on day 0, on week 0

CONVERTIBLE BONDS	Conv. date	Conv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5⅛ 98	7/81	848.2	99⅛	100⅝	−0½	5.05
Bridgestone Tire 5½ 96	3/82	470	111⅝	113⅝	−1⅛	−0.42
Canon 7 97	7/82	748.2	102½	104⅛	+1⅛	−0.43
Fujitsu Fanuc 4½ 98	10/81	4461	120⅝	122⅛	+2	0.97
Hitachi Cable 5⅛ 96	2/82	510	97⅝	98⅝	+0⅛	−0.58
Hitachi Credit Corp 5 98	7/81	1012	99	101	−0⅛	10.75
Honda Motor 0½ 97	3/82	759.6	113¼	114⅝	−0⅛	−1.44
Kawasaki 5⅛ 98	9/81	229	81⅛	83⅝	−1⅛	19.05
Kumagai Gumi 8½ 97	10/82	400	113	114½	+0⅛	−0.18
Kyowa Hakko 8⅛ 97	2/83	702	104⅛	105½	−0⅛	4.40
Marui 0 98	7/81	708.5	125⅝	126⅝	+0⅛	−0.33
Minolta Camera 5 98	10/81	826.4	84⅝	86⅛	−0½	42.48
Murata 5⅛ 98	7/81	1734	114⅛	115⅝	+0⅛	1.56
Nippon Electric 5⅛ 97	2/82	705.8	130⅝	132⅝	+0⅛	2.99
Nippon Oil Co 5½ 98	4/83	984	103⅛	104⅝	+0⅛	6.78
Nissan Motor 5⅛ 98	4/83	770	95⅝	96⅝	−0⅛	−1.28
Olympus Optical 6⅛ 97	12/82	1331	97½	99	−1⅛	1.46
Orient Finance 5⅛ 97	3/82	927.2	109⅝	111⅛	+1⅛	3.86
Sumitomo Electric 5½ 97	3/82	677.3	102⅝	103⅝	+0⅛	0.24
Sumitomo Metal 5⅛ 96	10/81	296.1	78	79½	−0⅛	46.28
Sanyo Electric 3½ 93 SF	5/83	581	103	104	−0½	2.79
Sharp Corp 3½ 93 SF	3/83	1190	113⅛	114⅝	+0⅛	−1.84
Konishiroku 6⅛ 88 DM	6/82	816	112⅝	113⅝	−0⅛	5.19
Mitsubishi Heavy 6 88 DM	2/82	263	107⅛	108⅛	0	15.35
Sumi Realty 6⅛ 93 DM	2/83	365	117⅝	118⅝	+0⅛	1.86

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date = Date next coupon becomes effective. Spread = Margin above six-month offered rate (†† three-month; § above mean rate) for U.S. dollars. C.cpn = current coupon. C. yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Turkey steps up wheat output, Page 41

SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Thursday May 12 1983

WALL STREET

Hopes for lower rates renewed

CREDIT markets on Wall Street were inhibited yesterday by routine delays in Congress for the raising of the limit on Treasury debt, now close to its ceiling. But with the Federal Reserve board's market operations on Tuesday now ascribed to purely technical factors, confidence in a downward trend in rates was renewed, *writes Terry Byland in New York.*

Share markets tried to go forward at first but profit-taking in leading stocks spread and small losses became widespread. Oil shares attracted buyers again but early gains were reduced before the close.

At the close, the Dow Jones industrial average was down 9.96 at 1219.72. There were declines in around 1,000 issues compared with 600 advances but volume narrowed to some 99m shares from the 104.01 of Tuesday.

Once again, though, a heavy list of block trades indicated a strong underlying support from the major investment institutions. Large share trades were recorded in oil stocks, with Mobil and Phillips Petroleum prominent, and also among retailers, where K-mart, Allied Stores and Wal Mart found buyers.

A spurt of buying of oil shares followed a recommendation for the sector from Salomon Brothers, the major brokerage and banking firm. But buying was not followed through.

Among the oil majors to see early rises cut back were Exxon, $⅛ up at $35, Standard Indiana, $1 up at $46½, Atlantic Richfield, $1⅝ up at $46¼ and Standard Oil of California $⅛ up at $46¼.

There was renewed selling of shares in Data General, which dipped by $2⅜ to $59⅝ after a further statement from the board on the trading outlook.

Chrysler lost a further $1½ to $25½ as the market pondered the question of the U.S. Government's rights to buy stock cheaply. Motor issues suffered a bout of profit-taking which took General Motors down by $⅝ to $68⅞ and Ford down by $¾ to $50¾. Shares in American Motors, which have been strong since the news of the deal to sell Jeeps to China, shed $¼ to $10⅞.

Eastern Airlines gave up $⅛ to $8⅝ on reports that the group's pilots would take an equity stake, while Pan American, at $6⅞, put on $⅛ in brisk trading following the board's confirmation of much-improved trading in the current year.

High on the list of the *day's corporate* news was the disclosure of a fall in earnings at ITT, whose shares dipped $⅝ to $40¼. Anderton Clayton, the food processor and insurance group, were $½ off at $31¼ on the announcement of lower earnings and similar factors left Sun Chemical a shade off at $28.

Credit markets showed little change from overnight levels at mid-session. In addition to the traditional Wednesday make-up day factors, the markets faced a sharp reduction in next Monday's auction of Treasury bills to $7.4bn. The Fed's support for the market on Tuesday, in the form of its agreement to buy coupon issues, was followed up yesterday by a $400m customer repurchase.

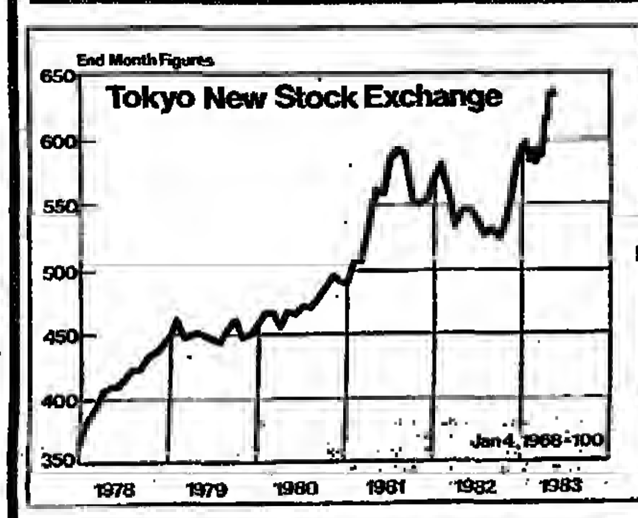
Treasury bill yields gained 3 points or so at first but the general lack of retail support saw yields closing up to the levels of the previous day before the end of the session.

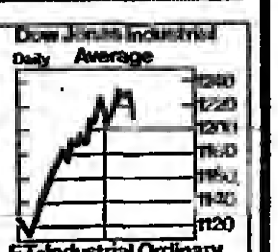
Hopes of a fresh cut in the discount rate remain high. Yesterday the key Federal funds rate was trading at 8¼ to 8½ per cent.

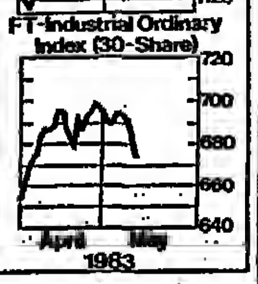
In **Toronto**, shares built on Tuesday's record close in early trading as investors welcomed the new Quebec and Ontario budgets, which are seen as favourable to business, but later fell back.

In **Montreal**, stocks were also sharply ahead at first, but they too mirrored Toronto's late decline.

KEY MARKET MONITORS







STOCK MARKET INDICES

	May 11	Previous	Year ago
NEW YORK			
DJ Industrials	1219.72	1229.68	865.87
DJ Transport	547.55	550.75	352.84
DJ Utilities	128.55	129.06	118.91
S&P Composite	164.96	165.96	119.42
LONDON			
FT Ind Ord	672.6	676.7	590.9
FT-A All-share	419.34	420.90	338.28
FT-A 500	454.07	436.53	368.77
FT-A Ind	419.49	421.61	334.73
FT Gold mines	680.5	677.0	229.8
FT Govt secs	81.15	80.98	69.41
TOKYO			
Nikkei-Dow	8691.58	8667.99	7638.12
Tokyo SE	634.07	634.45	557.56
AUSTRALIA			
All Ord.	617.8	607.4	518.4
Metals & Mins.	557.2	547.0	386.3
AUSTRIA			
Credit Aktien	58.66	58.62	52.46
BELGIUM			
Belgian SE	122.59	122.01	93.98
CANADA			
Toronto Composite	2451.72	2457.7	1592.6
Montreal Industrials	419.31	419.34	292.98
Combined	405.89	407.05	274.51
DENMARK			
Copenhagen SE	144.3	144.07	93.72
FRANCE			
CAC Gen	125.3	124.8	111.0
Ind. Tendance	129.9	128.9	123.5
WEST GERMANY			
FAZ-Aktien	311.18	312.17	230.83
Commerzbank	931.7	935.4	705.7
HONG KONG			
Hang Seng	943.02	945.32	1381.26
ITALY			
Banca Comm.	191.18	189.8	185.5
NETHERLANDS			
ANP-CBS Gen	127.7	127.1	94.2
ANP-CBS Ind	106.2	105.7	74.2
NORWAY			
Oslo SE	191.06	189.61	109.15
SINGAPORE			
Straits Times	959.42	957.32	777.2
SOUTH AFRICA			
Golds	975.0	951.8	410.8
Industrials	929.3	918.7	594.8
SPAIN			
Madrid SE	116.0	115.88	123.54
SWEDEN			
J & P	1506.77	1507.19	583.73
SWITZERLAND			
Swiss Bank Corp	327.7	328.5	258.4
WORLD	May 10	Prev	Yr ago
Capital Int'l	179.1	179.5	140.0

GOLD (per ounce)

	May 11	Prev
London	$443.75	$443.50
Frankfurt	$442.50	$443.75
Zürich	$443.50	$443.50
Paris (fixing)	$442.51	$439.26
New York (May)	$443.90*	$443.20

* indicates latest pre-close figure

CURRENCIES

	U.S. DOLLAR May 11	U.S. DOLLAR Previous	STERLING May 11	STERLING Previous
£	1.5685	1.5650	–	–
DM	2.4390	2.4440	3.8275	3.8275
Yen	231.20	232.60	363	364.25
FFr	7.34	7.3660	11.51	11.5250
SwFr	2.0325	2.0425	3.19	3.20
Guilder	2.7470	2.7490	4.3050	4.3050
Lira	1453.25	1454.5	2279	2276
BFr	48.66	48.90	76.35	76.55
C$	1.22525	1.22775	1.9225	1.9195

INTEREST RATES

	May 11	Prev
Euro-currencies (three month offered rate)		
£	10 9/16	10¼
SwFr	4¼	4⅜
DM	5 1/16	5
FFr	13¾	15¼
FT London Interbank fixing (offered rate)		
3-month U.S.$	8¾	8⅞
6-month U.S.$	8 13/16	8 15/16
U.S. Fed Funds	8⅝	8¼
U.S. 3-month CDs	8.30	8 11/16
U.S. 3-month T-bills	7.95	8¼

U.S. Treasury Bonds

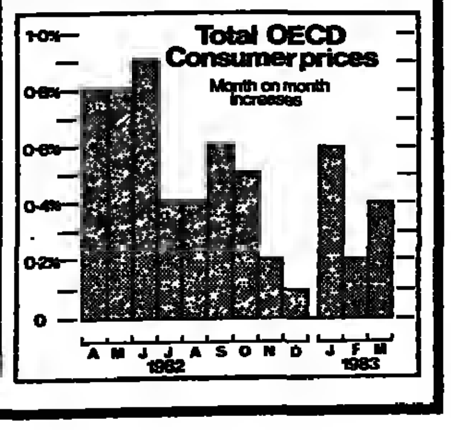
	May 11 Price	May 11 Yield	Prev Price	Prev Yield
9¼ 1985	100 17/32	9.19	100 18/32	9.18
10½ 1990	100 4/32	10.06	102 4/32	10.07
10½ 1993	99 24/32	10.17	99 28/32	10.16
10⅜ 2012	100 22/32	10.31	100 28/32	10.28

FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
June	79–03	79–19	79–01	79–12
U.S. Treasury Bills (IMM) $1m points of 100%				
June	92.13	92.22	92.12	92.08
Cert Deposit (IMM) $1m points of 100%				
June	91.72	91.81	91.68	91.72
LONDON				
Three-month Eurodollar $1m points of 100%				
June	91.44	91.52	91.43	91.35
20-year Notional Gilt £50,000 32nds of 100%				
June	104–25	104–27	104–15	104–18

LONDON COMMODITY MARKETS

	May 11	Prev
Silver (spot fixing)	839.05p	823.20p
Copper (cash)	£1151.50	£1139.00
Coffee (May)	£1890.00	£1852.00
Oil (spot Arabian light)	$28.75	$28.65



FAR EAST

Some losses recouped in Tokyo

SHARES recouped some of Tuesday's losses in **Tokyo** as a revival of selective buying allowed prices to close firmer. The Nikkei Dow industrial average gained 23.59 to close at 6,691 on volume of 410m shares, though the Tokyo SE index was marginally down by 0.38 to 634.07.

The market was depressed in the morning session after reports thet Sanyo was estimating a 23 per cent drop in unconsolidated current profit to about Y16bn from a year earlier, for the first balf of its 1983 fiscal year, which began on November 1.

Sanyo later confirmed the report but added that it expects an increase in its consolidated current profit for the same period. However, Sanyo fell Y25 to end at Y465 and led other electricals and blue chips down.

Late in the day, investors turned their attention to speculative issues and this took the market up. One active speculative, Sanko Steamship, climbed Y36 to Y326 on expectations that an autumn election would be called, which would bring investments of political funds into the market.

Government bond prices ended unchanged from their previous close. The 7.7 per cent issue was quoted to yield 7.61 per cent and the 7.5 per cent issue was quoted to yield 7.82 per cent. The yield of the long-term 8 per cent issue also unchanged from its Tuesday close was quoted at 7.59 per cent.

In **Hong Kong**, shares regained some of the ground lost early in the day to finish mixed in light dealings. The Hang Seng index fell more than 7 points in the first bour but later recouped some of the decline to end down 2.30 on the day at 943.02.

The late upturn was largely the result of short covering, combined with a sligbt decline in selling pressure after the recent bear market.

In **Singapore**, shares ended narrowly mixed on profit-taking after a steadier opening. The Straits Times industrial index rose 2.10 to 959.42.

Banking shares were mostly actively traded, while commodities were lower and property issues were lower or steady.

In **Taipei**, shares declined for the third consecutive day and the weigbted stock index, declined 16.27 to 654.39. However, turnover has been well below the levels seen last month.

The decline is attributed to profit-taking, coupled with the tightening of margin lending by banks.

AUSTRALIA

Sharp rises

SHARES moved sharply ahead for the second consecutive day in heavy trading in **Sydney** and **Melbourne**. At the close, the All Ordinaries index was up 10.1 at 817.8 – its highest level for 20 months – while the All Industrials and All Resources indices were each up 10 at 766.1 and 498.2 respectively.

Turnover was boosted by heavy off-market trading and overseas demand, particularly from Asian and UK investors.

The bullish tone is being attributed to the firm mood on Wall Street, solid gains in world gold and base metal prices, and to an easier trend in domestic interest rates.

SOUTH AFRICA

Very firm

STOCKS ended very firm in active trading in **Johannesburg**, led by gold shares which were responding to the continued strength of the bullion price. Among the heavyweights, Vaal Reefs added R6.50 to R136.50 while among the cheaper priced producers, Unisel added R1.25 to R18.50.

In platinums, Rustenburg was 60 cents higber at R10.30 reflecting the widening premium of the metal's free market price over spot gold.

LONDON

Corrective slide leaves buyers wary

INVESTORS were extremely wary in London yesterday after Tuesday's slump in share values. Dealers also reflected, some painfully, on the first real demonstration of a corrective movement in this year's equity market boom.

The outcome was a rather slow and cautious session while the market convalesced.

Leading shares were a shade better initially, but small professional demand, encouraged by Wall Street's overnight firmness, was soon satisfied.

Later, dealers encountered equally modest sales wich suggested that smaller investors were still opting to take profits now, rather than face the emotions unleashed in an election campaign.

Predictions of cbeaper money at bome and in the U.S. within the next month or so failed to bave any effect and top-quality industrials spent the remainder of the day drifting slightly easier.

The FT Industrial Ordinary share index closed 4.1 down at 672.6 – the session's lowest level and a four-day fall of 22.4. The broader-based FT-Actuaries all-share index fell for the ninth consecutive day to close 0.4 per cent lower at 419.34.

Trading announcements enlivened an overall drab equity scene. Among big-name groups to report, Trafalgar House moved higher on a satisfactory interim statement, but Royal Insurance went sharply lower following disappointing first-quarter figures.

The possibility of base lending rate cuts, together with sterling's stability, attracted support for Government securities. Recently – depressed longs rallied ½ in places, despite some apprebension over the latest central government borrowing requirement. Shorter maturities were firmer, but rarely more than ⅛.

A buoyant South African mining sector saw heavy and widespread buying of platinums following the free market platinum price's increased premium over the bullion price.

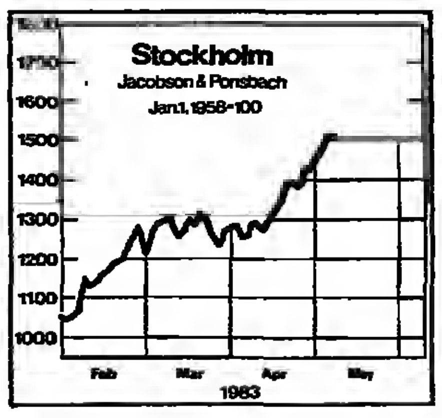
Golds turned in another creditable performance given the lack of progress by the metal price which closed only 25 cents firmer at $443.75 an ounce.

Initial selling from Johannesburg was easily absorbed by London and European buying – later followed by good demand from New York. The share market responded with renewed gains.

Financials provided features in Gold Fields and RTZ, up around 23p apiece at 560p and 573p respectively, following a bear squeeze and the latest surge in copper prices.

Australians were again bighlighted by persistent and heavy demand for the leading diversified mining companies.

Share information service, Pages 42–43.



EUROPE

Frankfurt rises from recent lows

ACTIVITY was wound down yesterday in many of the European bourses ahead of the Ascension Day boliday today.

In **Frankfurt**, prices came back from recent lows to close mixed in thin trade. Some pressure came off the market with the end of trading in a rigbts issue for Siemens. However, the outlook for U.S. interest rates kept investors uncertain and some profit-taking was evident ahead of the holiday.

The Commerzbank Index, calculated at midsession, fell 3.7 to 931.7 – a loss of 12.1 since Monday.

In electricals, AEG lost 40 pf to DM 78.80, despite it projection of a much reduced loss for this year. Siemens gained DM 1.80 to DM 341 and Brown Boveri added 40 pf to DM 202.70 after anoouncing that it bad been commissioned to carry out a feasibility study on a second generation thorium high temperature reactor.

Chemicals were mixed, with BASF 60 pf lower at DM 144.90 and Bayer 10 pf easier at DM 138.10. However, Hoechst ended 30 pf higher but pharmaceuticals group Schering shed DM 1.50 to DM 350.

Domestic bonds ended little cbanged after a listless, quiet session.

In **Paris** shares ended slightly higher in slow trading, with advances outnumberiog declines by 94 to 71. The gains were credited to Wall Street's current firmness. The news that France was seeking a loan from the European Community had little impact on trading.

Dutch stocks closed mixed in active trading in **Amsterdam** amid strong overseas demand for shares in the chemicals and fibres group, Akzo.

Akzo ended 70 cents ahead at Fl 64 following the doubling of its first-quarter earnings and the market's positive response to its rights issue with warrants.

In the bond market, prices were slightly lower on yield adjustments following the new government issue at 8.25 per cent though brokers said the issue was attracting good interest.

In **Brussels**, domestic and foreign sbares were higher in lively trading with the Belgian shares index at 122.59, ogainst 122.01, and the All-Shares index at 309.31, against the previous 306.20.

However, Banque Bruxelles Lambert shares were little changed following an announcement that the balance sbeet total rose 3.7 per cent to end-march.

No sector was able to establisb any clear trend in **Zurich** and shares closed lightly mixed. Among foreign issues, U.S. stocks were generally slightly below New York levels, althougb aluminium shares were stroog.

Swiss domestic bonds were barely steady in the face of continuing high new issuing activity.

Prices of leading shares were steady to higher in **Stockholm** in moderate to heavy trading.

In **Madrid**, shares firmed in quiet trading, but in **Milan**, prices were mixed, in moderately active tradiog.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
14⅞	5¼	AAR	.44	3.2	21	220	14⅛	13⅝	13⅞	+⅛
37¼	27½	ACF	2.76	7.7	15	254	37⅛	36	36	-½
20	12¾	AMF	.80	3.2		879	16⅞	15⅞	16¼	-⅜
30⅞	13⅝	AMR Cp				1682	30⅛	28¾	23¾	-½
16⅞	4	AMR	wt			473	16⅛	15¾	15⅞	-⅞
18⅛	12⅞	AMR	pf2.18	12.		48	18	17¾	18	
35	24⅞	AMR	pf2.13	6.3		561	34¼	33⅝	33⅞	-½
8⅞	2½	APL				137	u9⅛	8½	8⅞	
51⅞	25¾	ARA	2.05	3.9	13	265	u53	52½	53	+1⅞
79⅞	24½	ASA	3a	4.0		721	76	74⅞	75	-½
32⅞	12⅞	AVX	.32	1.1	48	570	31¼	30	30⅛	-⅞
47½	27⅞	AbtLab	1	2.2	18	757	45⅞	45⅛	45½	
30⅛	20½	AccoW	n.12a	.4	22	523	30⅛	28⅞	28¾	-1⅞
22⅞	15⅞	AcmeC	.40	1.9		41	21¼	21	21¼	+½
13⅞	6¼	AcmeE	.32b	2.4	43	62	13⅞	13⅛	13½	-⅞
19⅞	4⅞	AdmDg	.04	.2	18	35	18½	18¼	18¼	-½
17⅞	12½	AdaEx	1.73e	10.		75	17⅛	17	17	+⅛
12⅞	4⅞	AdmMl	.24	2.1	11	34	12⅛	11⅞	11⅛	-⅞
28	12⅞	Advest	s.16	.6	14	148	27¼	26⅞	27	-½
45⅞	13	AMD	s		58	927	45¼	45	45⅛	-½
44⅛	32⅞	AetnLf	2.64	6.3	6	1717	42⅞	41¾	42	-⅞
65	52⅞	AetL	pf3.70e	6.4		211	58½	58	65	-¼
40¼	6	Ahmans	.58	1.5		1275	u40½	39¼	39¼	
4⅛	2⅞	Aileen				505	u4¼	4⅛	4⅛	-½
48⅛	23½	AirPrd	.80	1.9	13	434	42⅞	41½	41¼	-⅞
25⅞	8⅞	AirbFrt	.58	2.3	27	252	u25	25	26	+¼
3	2	AlMoa	n		5	83	3	2⅞	2⅞	
32⅞	24⅞	AlaP	pfA3.92	12.		4	u32⅞	32⅞	32⅞	+⅛

B-B-B

C-C-C

D-D-D

E-E-E

F-F-F

G-G-G

H-H-H

I-I-I

J-J-J

K-K-K

L-L-L

M-M-M

N-N-N

Continued on Page 39

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
20⅛	5⅞	AAV	.32	1.7	14	29	19⅛	18½	18⅝	-⅛
4⅞	2⅞	AICPh				28	4	3⅞	3⅞	
6⅞	1	ATI			14	168	3⅞	3⅞	3⅞	
11⅞	2	AcmePr			60	14	10	9⅞	10	+⅛
21⅞	12⅞	AcmeU	.40	1.8	60	12	u22⅞	22	22⅞	+⅛
30⅞	3⅞	Action			7	54	29⅞	28	29⅞	-⅛
9⅞	5⅛	Actions	.10t	1.4	43	81	7⅞	7⅛	7⅞	+⅛
3⅞	⅞	Adm	wt			16	1⅛	1⅛	1⅛	-⅛
5	1⅞	AdmRs	.10	3.8		31	2⅞	2⅞	2⅞	+⅛
27⅞	12	AdRusl	4.30	4	26	135	26⅞	25⅞	25½	-⅛
21½	11⅞	Adobe	.20	1.1	12	111	18⅛	17⅞	17⅞	+⅛
3⅞	2	AeglsCp			13	255	3⅞	3⅞	3⅞	
21½	9⅞	Aeroflx	1.55t	8.2	13	587	19⅞	18½	18⅞	-½
7	2½	Aeronca			11	121	6⅞	5⅞	5⅞	-⅛
29⅞	9⅞	AfilHsp	.32	1.2	18	29	29	27½	27½	-1½
37⅞	16⅞	AlliPb	s .64	1.7	13	5	u38⅞	38⅞	38⅞	+⅞
11⅞	3⅞	AlliSc			10	36	11⅞	11	11⅞	+⅞
16⅞	4⅞	AmExp				130	14⅞	13⅞	13⅞	-⅛
15½	3⅞	AlbaW	.15e	.8	19	48	19	18½	18½	-⅞
21⅞	6	AllenT	.75t	4.2		1	17⅞	17⅞	17⅞	+⅞
12	6⅞	AlmySt		2.02	47	4	9⅞	8⅞	9⅞	
16⅞	5⅞	AlphaA			6	33	7⅞	7⅞	7⅞	-⅞
24⅞	10⅞	Alphai	6		29	279	22⅞	21⅞	22	-⅞
15⅞	7⅞	AltamI	.40	2.7	8	4	14⅞	14⅞	14⅞	-⅞
1⅞	½	Altec				91	1⅞	1⅞	1⅞	
2⅞	1⅛	Altex				278	1⅞	1⅞	1⅞	
⅞	1-16	Altex	wt			30	⅞	⅞	⅞	
37	25½	Alcoa	pf3.75	11		2600	33	34	35	+1⅞
51⅞	17⅞	Amdhl	.40	.814	661	50	48⅞	49⅞	⅞	
49⅞	6⅞	Amedc	s.15	3	60	102	47⅞	44⅞	44⅞	-2⅞
5⅞	3½	ABR	n .13	2.3	8	64	6⅞	5⅞	5⅞	
5	⅞	AmCap				18	5	4⅞	4⅞	-⅞
31⅞	17⅞	AContrl	.50	2.5	7	5	u31⅞	31½	31½	
38⅞	6⅞	AExp	wt			285	39⅞	37⅞	38	-1⅞
15½	5⅞	Alsrael			4	39	9⅞	8⅞	8½	
15	8	AMzeA	.52	3.5	13	18	13⅞	13½	13½	-⅛
14⅞	8	AMzeB	.52	3.8	18	1	13⅞	13⅞	13⅞	
25⅞	6⅞	AMBld	n			169	24⅞	24⅞	24⅞	-⅞
36⅞	15⅞	AMotin	.25	.7	15	262	35⅞	34⅞	36	-⅞
60⅞	48⅞	AmPetf	3.20	6.6	14	12	49⅞	48⅞	48⅞	-⅞

Continued on Page 40

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 38

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
33⅞	13⅞	Walgrn	4.60	1.9	16	800	31⅞	31⅞	31⅞	-⅞
21⅞	12	WkHRs	g1.50			765	21⅞	21⅞	21⅞	
28	14⅞	WICSv	4.36	1.4	16	54	26⅞	26½	26½	-⅞
47⅞	16⅞	WalJm	1.20	2.5	14	467	u47⅞	47⅞	47⅞	
50	16⅞	WalJ	pf1.60	3.1		3	u51	50⅞	51	+1
55⅞	26⅞	Warnac	1.40	2.6	11	44	55	54½	54⅞	+⅞
59⅞	25	WmCm	1	3.6	11	4926	28⅞	27½	27⅞	-⅞
35	16⅞	WarnrL	1.40	4.5	14	3804	30	30⅞	31⅞	-⅞
30½	24	WashGs	2.88	10	7	64	28⅞	27⅞	28⅞	+⅞
23⅞	14⅞	WshNat	1.08	3.4	13	352	32⅞	31⅞	31⅞	-½
22⅞	17⅞	WshWt	2.48	11	8	140	22⅞	22⅞	22⅞	
61⅞	28⅞	Waste	.52	1.0	22	2262	54⅞	53⅞	54⅞	-⅞
76	30	Watkn	.50	.8	22	18	u76⅞	76⅞	76⅞	+⅞

Continued on Page 40

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on *the latest declaration.*

a—dividend also extra(s). b—annual rate of dividend plus stock dividend. c—liquidating dividend. cld—called. d—new yearly low. e—dividend declared or paid in preceding 12 months. g—dividend in Canadian funds, subject to 15% non-residence tax. i—dividend declared after split-up or stock dividend. j—dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k—dividend declared or paid this year, an accumulative issue with dividends in arrears. n—new issue in the past 52 weeks. The high-low range begins with the start of trading. nd—next day delivery. P/E—price-earnings ratio. r—dividend declared or paid in preceding 12 months, plus stock dividend. s—stock split. Dividends begins with date of split. sls—sales. t—dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u—new yearly high. v—trading halted. vi—in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or *securities assumed by* such companies. wd—when distributed. wi—when issued. ww—with warrants. x—ex-dividend or ex-rights. xdis—ex-distribution. xw—without warrants. y—ex-dividend and sales in full. yld—yield. z—sales in full.

WORLD STOCK MARKETS

CANADA

DENMARK

NETHERLANDS

AUSTRALIA

JAPAN (continued)

FRANCE

NORWAY

SPAIN

HONG KONG

GERMANY

SWEDEN

SINGAPORE

JAPAN

AUSTRIA

SOUTH AFRICA

BELGIUM/LUXEMBOURG

SWITZERLAND

ITALY

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

NEW HIGHS AND LOWS FOR 1983

NEW HIGHS (69)

NEW LOWS (46)

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section. Columns: Wed May 11 1983 (Index No., Day's Change %, Est. Earnings Yield % (Max.), Gross Div. Yield % (ACT at 30%), Est. P/E Ratio (Net)); Tue May 10 Index No.; Mon May 9 Index No.; Fri May 6 Index No.; Thur May 5 Index No.; Year ago (approx.) Index No.

FIXED INTEREST

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Arien Elect.	315	−13
Balgrave (Blackheath)	101	+ 1
CRA	305	+16
Coats Patons	71	+ 3
Combined Tech.	41	+ 6½
Cons. Gold Fields	580	+22

RISES AND FALLS

	Rises	Falls	Same
British Funds	77	—	22
Corpns. Dom. and Foreign Bonds	8	5	66
Industrials	228	329	784
Financial and Prop.	55	92	333
Oils	30	20	61
Plantations	1	8	13
Mines	67	28	59
Others	63	55	69
Totals	570	537	1,397

FINANCIAL TIMES STOCK INDICES

	May 11	May 10	May 9	May 6	May 5	May 4	year ago
Government Secs.	81.16	80.98	81.28	81.68	81.98	82.00	69.41
Fixed Interest	85.01	83.09	83.26	83.67	83.66	85.60	69.78
Industrial Ord.	672.6	676.7	690.2	694.4	806.0	689.8	590.8
Gold Mines	680.6	677.0	651.6	653.8	653.7	663.3	929.8
Ord. Div. Yield	4.67	4.63	4.55	4.52	4.52	4.54	5.28
Earnings, Yld.% (full)	0.27	9.20	8.82	8.87	8.87	9.14	11.04
P/E Ratio (net) (*)	13.38	13.45	13.71	13.78	13.78	13.28	11.16
Total bargains	90,768	20,433	01,041	93,460	24,240	94,185	18,219
Equity turnover £m.	—	243.13	206.69	981.59	843.03	204.87	176.45
Equity bargains	—	18,257	19,556	90,852	10,830	19,303	14,804
Shares traded (ml)	—	155.7	124.2	163.3	158.8	128.8	122.6

10 am 677.4. 11 am 675.9. Noon 675.0. 1 pm 673.2. 2 pm 673.6. 3 pm 673.5.

Basis 100 Govt. Secs. 18/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/10/55. SE Activity 1974.

Latest Index 01-246 8026.

Nil=12.44.

HIGHS AND LOWS

S.E. ACTIVITY

Indices

NEW YORK — DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

MONTREAL

TORONTO

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 39

R—R—R

S—S—S

T—T—T

U—U—U

V—V—V

W—W—W

X—Y—Z

NEW YORK CLOSING PRICES

Continued from Page 39

X—Y—Z

COMMODITIES AND AGRICULTURE

Irish determined to maintain butter sales

BY BRENDAN KEENAN IN DUBLIN

THE IRISH Dairy Board, which has seen British sales of Kerrygold butter fall by more than half since 1975, is determined to maintain a market presence though it loses money on each packet sold.

A recent board meeting decided to try to bold its 7 per cent share of the UK market. It pins its bopes of s return to profitable trading on EEC action to counter what the Irish claim are UK subsidies to British producers.

The Irish scored their first victory with "a reasoned opinion" from the EEC Commission that the operations of the UK Milk Marketing Board appeared to breach Community ruleo. The boards act as monopoly buyers of milk from British farmers but are accused of cross-subsidies between liquid milk and dairy products.

The Irish have taken the lead but claim to have the support of other producers such as Denmark and Holland, and even their traditional rivals, New Zealand.

The arguments have been sharpened by the severe fall in British butter consumption. Sales have dropped by 40 per cent since 1975, when the Irish had more than 9 per cent of the market, representing about 40,000 tonnes compared with the 12,000 tonnes they expect to sell this year.

Dairy farmers, like most agricultural interests in Ireland would like to see further weakening of the Irish punt. Mr Brian Joyce, the dairy board's managing director, says even a move to the bottom of the European Monetary System band could mean an extra I£50m in butter exports.

Irish sources discount any significant consumer resistance to Irish butter because of political difficulties. They admit that some contracts were lost during the Falklands dispute—when Ireland opposed continued EEC sanctions against Argentine—but claim that the amounts were not significant and the effects were short-lived

"We are quite happy to compete with all comers in the UK market if the competition is there," the board says.

NZ mutton sale to Soviets

By Dai Hayward in Wellington

ABOUT A quarter of New Zealand's mutton production this season will go to the Soviet Union, as part of o two-stage sale of 25,000 tonnes.

The first shipment went at the end of last year and another 15,000 tonnes is now being shipped.

The sale takes pressure off storage space. Last season, some mutton stocks remained unsold because of declining interest from the Japanese market, New Zealand's other main mutton customer.

● LONDON'S COCOA futures exchange was evacuated for half an hour yesterday because of bad smells caused by sanitary cleansers.

● THE MEXICAN Government nas increased the guaranteed price of 13 agriculture products, inclnding grains, by on average of 83 per cent, effective for crops from the 1982-83 season.

● FAO SAYS the price of most agricultural commodities in world markets dropped sharply over the past two years as a result of recession. By third quarter, 1982, the world index of commodity prices stood 22 per cent below the 1980 average.

● SHEARERS in New South Wales voted to continue their seven-week strike over wide shearing combs, rejecting an arbitration proposal for a return to work. Victorian and Tasmanian shearers resume work today.

● WORLD COTTON production in the 1983-84 season is projected at about 66.8m bales, down from the 67.7m bales estimated for the current season. The U.S. Department of Agriculture said a much smaller U.S. crop accounts for the decline.

● GUERRILLAS firebombed a coffee processing plant in eastern El Salvador causing about $2m damage, police said. Machinery at the plant at Chinameca was redneed to twisted metal.

Nicaragua sugar quota 'a hard blow'

BY TIM COONE IN MANAGUA

THE Reagan Administration's decision to cut Nicaragua's sugar export quota by 90 per cent is o hard blow to the economy ot a time when Nicaragua is short of foreign exchange, says Sr Orlando Solorzano, the acting Foreign Trade Minister.

The qoota reduction from 58,800 short tons to 6,000 short tons for the year starting October 1 will reduce Nicaragua's export earnings by an estimated $12m (£8m) in the coming sugar season.

Criticising the move, Sr Solorzano said: "The U.S. decision was taken for purely political reasons, which goes against all principles of international trade.

"Gatt forbids trade being used as a weapon to exert political pressure, as does the International Sugar Agreement.

"How can anyone say there is an international economic order, when the most powerful nation in the world threatens and coerces o small country like this?"

The U.S. is still Nicaragua's largest single market for its produce, taking 20-25 per cent of Nicaragua'o total exports. All of its meat exports, expected to exceed $27m this year, go to the U.S. as does $20m worth of shrimps and lobsters, and $30m of coffee, the main export crop.

There is now speculation over whether the cut in the sugar qnota will be the first in a series of measures taken by the U.S. to further restrict trade between the two countries, and to increase political pressure on the Nicaraguan Government.

Sr Solorzano said that it has been a principal objective of his ministry to diversify Nicaragua's export markets, with precisely the aim of reducing the possibilities of such pressures.

He said that contacts had olready been made with s number of countries for new sugar contracts, and that they hoped to find new markets in Latin America, Europe and the Middle East.

He added that the new Malacatoya sugar complex, expected to double Nicaragua's sugar exports to over 200,000 tons per annum by the end of the decade, will not be affected by the U.S. move, and that Nicaraguo was now negotiating an increase in its quota at the International Sugar Agreement meeting now taking place in Genevo

WORLD SUGAR values fell back on the London futures market yesterday following a sharp downturn in New York overnight, writes John Edwards. The London daily price for raw sugar was cut by £4 to £132 a tonne. October futures closed some £2 lower at £152.1 after dipping to a low of £149.5.

In Brussels yesterday, the EEC Commission at its weekly selling tender authorised the export of 47,000 tonnes of white sugar under the supplementary series, with a maximum rebate of 312.29 ECUs per tonne. Exports of 750 tonnes of white sugar, with a maximum rebate of 333.98 units, were authorised under the old series.

The quantity outhorised for export was slightly below market expectations and helped prices rally in afternoon trading.

Wet weather delays plantings

By Our Commodities Staff

THIS YEAR'S exceptionally wet spring bas hit most sectors of the UK farming industry.

Worst affected are potato and sugar beet growers, whose plantings are well behind schedule. But cereal growers and livestock farmers are also suffering.

The Ministry of Agriculture's monthly agricultural report for April says early potatoes bave been slow to emerge and some have suffered frost damage. Maincrop plantings had been delayed by wet land conditions and were only about half completed by the end of the month.

Sugar beet plantings had been beld back for the same reason, the report says, and germination of earlier drilled crops, had been retarded.

Silver view 'over-optimistic'

BY JOHN EDWARDS, COMMODITIES EDITOR

AN OVER-OPTIMISTIC view of the future trend in silver prices is being taken by many mining companies, says a report by the Commodities Research Unit. It says many companies seem to be basing their calculations on long-term silver prices in the region of $10-$15 an ounce, but believes that the price of silver, in constant money terms, will be substantially below thio range during the next five years.

The study—Silver—the next five years—claims that in the final analysis silver prices react to the level of above-ground stocks. It adds that stocks in private hands have reached, and are likelyto remain at, the highest level than at any time in modern history.

An analysis of investor behaviour patterns suggests these will ultimately reflect the deteriorating supply-demand fundamentals in the market, it comments.

● London bullion spot price for silver at the morning fixing was 15.85 up at 839.05p ($13.19) an ounce yesterday following a firmer trend in New York overnight.

On the London Metal Exchange the cash price for high-grade copper closed at a 38-month peak of £1,151.5 a tonne, £13.5 up in spite of being hit by profit-taking sales throughout the day. Reports of further Chinese buying pushed aluminium up again, with the cash price gaining £15.5 to £927.5 a tonne.

Turkey steps up wheat production with more efficient farming methods

TURKEY is pushing ahead with attempts to increase wheot yields and bring production up to 30m tons by the year 2000. One of the world's top 10 major wheat producers, Turkey lay seventh—between Canada and Australia—from 1978-80, with an official average production of 17.3m tons. Official statistics out last year's production of about 17m tons.

But official production figures are only estimates—nobody actually knows how much wheat Turkey produces. The 1981 official figure of 17m tons was matched by unofficial figures as low as 13m tons and for 1982 several well informed sources suggest that actual production was 14.5-15m tons. The area planted, officially a little over 9m hectares, may he over-estimated by up to 1m hectares.

The Ministry of Agriculture and Forestry has just started to try to get a better grip on the figures by working with the United Nations Food and Agriculture Organisation (FAO) to introduce a remote sensing crop estimation system using the Landsat satellite.

Yield figures, determined by specific sampling, are more reliable and give a current national average of 1.8 tons per hectare, well up on a decade ago when overage yields hovered around a ton per hectare. Much of the improvement is due to a fovourable pricing policy and o long-term, Government-financed project to improve wheat cultivation.

The wheat improvement team has produced a number of locally bred high-yielding varieties for both the coastal, largely spring wheat oreos where yields now reach 4.5 tons per hectare, and the main, dry-land, wheat growing areas on the central plateau, where it is largely winter wheat.

Early in the 1970s the agronomists prodnced recommendations for the plateau, which have been extended to farmers over the last decade. Adoption of many of the improved management practices has enabled average yields to almost double from 1-2 tons per hectare in Central Anatolia. Further extension efforts are still needed, particularly in the east where practices have often remained unaffected.

With the introduction of high-yielding varieties in the drier plateau areas, the Government expects a continued increase in yields.

Fallow land reduction is olso being encouraged in 14 provinces.

Traditionally, fields are planted with wheat one year and left fallow the next. However, local research bas shown thot where precipitation is over obout 400 mm and the soil deep enough then fallow con be reduced to one year in three, four or five, in rotation with pulses.

The fallow reduction policy bas already been opplied in Corum and Conkiri provinces in Northern Anatolia, as part of a World Bank-funded integrated rural development project set up in 1977. Two FAO agricultural advisers help with agricultural extension, much of which has focused on fallow reduction.

In Sungurlu county, in Corum, the fallow has been reduced from 50,000 hectares in 1978 to 20,000 hectares in 1982 and lentils introduced into a five-year rotation. Marketing policies encouraged lentil plantings, with the floor price fixed by the Government and state buying of the crop through the Soil Products Office.

Chemical fertiliser use doubled from 9,000 tons in 1978 to 18,000 tons in 1981 and herbicide use increased ninefold from 6 tons in 1978. All this has led, project staff soy, to a yield increase from an avcroge of 1.35 tons per hectare in 1976-77 to 2 tons per hectare in 1981.

As a whole in the two provinces, only 28 per cent of land was fallowed io 1981 compared to a 40-45 per cent average before 1977. Fertiliser consumption rose from 51,600 tons in 1975 to 154,300 tons in 1981, ao farmers took odvantage of project credit. The project cost just over $161m with the World Bank providing $75m.

Turkey is strategically important for the world's wheat. As the home of wheat it has a major responsibility to preserve the many different native genotypes likely to be lost when farmers move over to planting new uniform high yielding varieties. A major collection of genotypes has been made and is held in the Menemen Agricultural Research Centre in the Aegean.

Bread is Turkey's staple food. Per capita annual consumption is just below 200 kg (with a population growth rate of just over 2 per cent) and a desperate desire to increase agricultural exports, increosed wheat production is vital. By increasing yield per ocre, the Government will have more options: to encourage the switching of land out of wheat into other crops, or to switch land suffering erosion problems out of cultivation oltogether—and it will still be able to feed its people.

PRICE CHANGES

In tonnes unless stated otherwise	May 11 1983	+ or —	Month ago
Metals			
Aluminium	£880		£880
Free Mkt	$1410/440		$1345/375
Copper			
Cash h grade	£1101.5	+12.5	£1067
3 mths	£1177.25	+13.5	£1095.25
Cash Cathode	£1115.5	+9.75	£1046.5
3 months	£1145.5	+14	£1074.5
Gold troy oz	$443.75	+0.25	$429.5
Lead Cash	£285.5	+4.5	£295.25
3 months	£293.75	+4.5	£306.375
Nickel	£4526.5		£4833
Free mkt	220/245c		220/250c
Palladium	$108.75	+0.0	$117.00
Platinum	£290.45	—3.5	£269.20
Quicksilvert	$285/295		$315/330
Silver troy oz	839.05p	+15.85	787.00p
3 mths	859.75p	+16.25	744.00p
Tin cash	£8647.5	+12.5	£9115
3 month	£8710	+36.5	£9087.5
Tungsten	$93.68		$81.18
Wolfam 22.04 lb	$89.91		$90/92
Zinc Cash	£475.5	—1.5	£445
3 mths	£488.25	—1.25	£469.25
Producers	$750		$750

	May 11 1983	+ or —	Month ago
Oils			
Coconut (Phil)	$650y	+2.5	$592
Groundnut	$545z		$495
Linseed Crude	£318y		‡
Palm Malayan	$450x		$415
Seeds			
Copra Phil	$340z		$385
Soyabean (U.S.)	$256.75	+2	$257
Grains			
Barley Fut. Sep	£110.45		£111.50
Maize	£147.00		£148.00
Wheat Fut. Jul	£134.05	—0.4	£137.45
No2 Hard Wint	‡		‡
Other commodities			
Cocoa ship't*	£1335	+17	£1224
Fut. July	£1394	+18.5	£1225.5
Coffee Ft. July	£1625.5	+18	£1558.5
Cotton A. Index	81.75c	+1	80.10c
Gas Oil June	$234	—0.75	$259.20
Rubber (kilo)	76p	+2	78p
Sugar (Raw)	£132y	—4	£107
Woolt'ps 64s	389p kilo		400p kilo

‡ Unquoted. x June. y May-June. z June-July. † Per 76lb flask. *Ghana cocoa. n Nominal.

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.70-28.80	+0.19
Iranian Light	27.90-28.00	
Arabian Heavy	25.00	—0.12
North Sea (Forties)	28.30	—0.10
North Sea (Brent)	28.45	—0.07
African (Bonny Lt't)	29.70	—0.05
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	297-301	—1.9
Gas oil	235-240	—3.0
Heavy fuel oil	164-166	

GAS OIL FUTURES

Prices drifted down in line with the physical market after opening slightly higher. A rally in New York was mostly ignored by London as interest subsided in advance of today's European holiday. Near the close continuing strength in the U.S. encouraged further short-covering, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
May	238.25	+0.75	237.50-36.25
June	234.00	—0.75	236.75-33.00
July	233.25	—0.50	235.00-32.50
Aug	236.00	+0.00	238.50-34.50
Sept	236.50	—0.25	239.00-37.00
Oct	241.25	+1.00	242.00-40.00
Nov	244.50	+8.25	244.00-42.25
Dec	247.00	+8.00	247.50-45.50
Jan	250.50	+3.25	—

Turnover: 2,102 (4,446) lots of 100 tonnes.

GOLD MARKETS

Gold rose just $½ an ounce from Tuesday's closing level in the London bullion market yesterday to finish ot $443¾-444¼. The metal opened at $443-444 and traded between a high of $444¼-445 and a low of $442¼-443. Trading was generally subdued although rising Middle East tensioo provided some underlying support.

In Frankfurt the 12½ kilo bar was fixed at DM 34,900 per kilo ($445.15 per ounce) from DM 34,620 ($441.50) previously and closed ot $442-443 from $443¼-444¼.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar ot the fixing was $443.0 from $439.50.

In Zurich gold finished at $443-$444 from $442-445.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
May	442.50-44.5	-0.750	—
June	444.80-44.9	-1.100	446.00-44.5
July	448.00-49.0	-1.050	448.70-48.0
August	451.00-51.4	-1.400	452.50-51.0
Sept	454.60-56.0	-0.450	455.00
Oct	456.20-58.5	-0.900	—
Nov	461.00-63.0	-0.850	—

Turnover: 800 (917) lots of 100 troy ounces.

	May 11		May 10	
Gold Bullion (fine ounces)				
Close	$443¾-444¼	(£280¼-283)	$443-444	(£282⅛-283¼)
Opening	$443-444	(£282½-283¼)	$438½-440¼	(£280¼-280¾)
Morning fixing	$443.25	(£282.885)	$450.25	(£276.777)
Afternoon fixing	$443	(£281.896)	$445.75	(£283.365)

Gold Coins May 11					
Krugrnd	$456-457	(£290¾-291¼)	King Sov	$106½-108	(£67¾-68¾)
½ Krg	$235-236	(£140¾-150⅛)	Victoria Sov	$105½-108	(£67¾-68¾)
¼ Krg	$120-121	(£75½-77¼)	French 20s	$89½-91½	(£57-58¼)
1/10 Krug	$40.00	(£51¼-51¾)	50 pesos Mex	$547-549	(£346¾-350)
Mapleleaf	$455-455	(£290-650¼)	100 Cor. Aust	$430-435	(£275¼-278)
New Sov	$103¾-104½	(£66¾-66¾)	$20 Eagles	$565-570	(£360¼-366¼)
½ New Sov	$60-63⅛	(£39½-40⅛)			

EUROPEAN MARKETS

ROTTERDAM, May 11

BRITISH COMMODITY MARKETS

BASE METALS

Trading in base-metals on the London Metal Exchange was highlighted by the further strong gains in Copper and Aluminium. The latter jumped to £963 before closing at £958.75 with dealers reported further rumours of Chinese buying interest. Copper fell initially to £1,157 on profit-taking but quickly rallied ...

£3,395, 3,400, 3,395. Turnover: 3,258 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	3290-300	+46	3300-10	+40
3 months	3375-80	+45	3380-90	+37.5

COPPER

SILVER

TIN

COCOA

LEAD

COFFEE

ZINC

ALUMINIUM

NICKEL

POTATOES

... dominated and buying was at a standstill.

Spot May closed at £71.50 with 87 lots to be tendered. New crops were initially up to £3.50 lower but recovered on poor weather forecasts, reports Coley and Harper.

RUBBER

SOYABEAN MEAL

SUGAR

GRAINS

WOOL FUTURES

COTTON

MEAT/FISH

SMITHFIELD—Pence per pound. Beef—Scotch killed sides 75.7-80.5; English hindquarters 94.3-97.6, forequarters 50.8-54.3; Ulster hindquarters 97.0-99.5, forequarters 52.2-55.5. Veal—Dutch hinds and ends 122.0-126.0. Lamb—English small 108.0-114.0, medium 106.0-109.0, heavy 104.5-106.5; ...

INDICES

FINANCIAL TIMES

REUTERS

MOODY'S

DOW JONES

AMERICAN MARKETS

NEW YORK, May 11.

PRECIOUS METALS came under light pressure as profit-taking developed after the markets failed to decisively penetrate important resistence levels; late short-covering resulted in fractional gains for gold and silver. Copper prices sold off moderately on the belief that the Chinese buying may have run its course. Heating oil opened with moderate support but the market faded badly on rumours that Iran is willing to engage in additional discounting of crude prices. Sugar closed very strong on a favourable EEC tender which led to buying, touching off stops as technical support developed. Coffee finished higher on reports that rebel forces in El Salvador destroyed a warehouse with 20,000 bags of coffee. Cocoa trading continued dull with lack of origin selling helping to strengthen the price. The government report on acreage planted turned out to be very bearish for maize and wheat while being neutral for soyabeans and bullish for cotton. After a weak opening in the grains the downside move intensified late in the day and left maize with limit declines. Sharp setbacks in soyabeans and wheat left all markets in a technically vulnerable position. Cotton held most of its gains until very late in the day when the selling pressure of other markets finally took its toll, reported Heinold Commodities.

NEW YORK

COFFEE "C" 37,000 lbs, cents/lb

	Close	High	Low	Prev
May	125.15	125.76	124.50	124.90
July	124.20	124.45	123.65	123.60
Sept	122.41	122.55	122.05	121.76
Dec	121.58	121.60	121.00	121.00
March	118.18	119.00	119.00	118.38
May	115.51	119.50	119.28	115.00
July	114.75	115.00	115.00	114.75
Sept	113.24	113.25	113.24	113.25

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	High	Low	Prev
July	5.08	9.10	8.61	8.78
Sept	8.38	9.39	8.95	6.11
Oct	5.69	6.70	8.21	6.36
March	10.64	10.65	10.10	10.25
May	10.69	10.80	10.40	70.50
July	11.09	11.10	10.70	10.79
Sept	11.40	11.40	10.05	10.67
Oct	11.60	11.60	11.10	11.20

COPPER 25,000 lbs, cents/lb

GOLD 100 troy oz, $/troy oz

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

ORANGE JUICE 15,000 lbs, cents/lb

PLATINUM 50 troy oz, $/troy oz

SILVER 5,000 troy oz, cents/troy oz

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

LIVE HOGS 30,000 lb, cents/lb

MAIZE 5,000 bu min, cents/56lb-bushel

PORK BELLIES 38,000 lb, cents/lb

SOYABEANS 5,000 bu min, cents/60lb-bushel

SOYABEAN MEAL 100 tons, $/ton

SOYABEAN OIL 60,000 lb, cents/lb

WHEAT 5,000 bu min, cents/60lb-bushel

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

LOANS—Continued

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, H.P. & LEASING

[illegible]

BANKS—Continued

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

1983 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
396	344	Initial	367	–2	†10 75	2.5	4.2	11 4
45	27	Inter City 20p	28	–7	—	—	—	—
160	158	[illegible]	175		4.0	1.8	3.3	24.3
206	165	Jacksons Bourne	175		5 0	3 1	4.1	11.2
38½	19	James Inds. 10p	24	–1	1.25	♦	7 8	♦
160	119	♥Jardine M HK$6	122	+3	080c	♦	6 4	♦
34	18	Jones & Cattell	32xd		1.06	♦	4.7	♦
348	282	Johnson Clnrs	301	+1	10 0	2.8	5.3	0.4
340	293	Johnson Mthy £1	315	–1	10.0	1.9	4.5	13.8
334	228	Johnston Grp 10p	334	+1	6.0	5.8	2 6	11.1
102	87	Jourdan (T.) 10p	94	–2	5 6	1.2	8.5	11 0
59	39	Kalamazoo 10p	52	–2	2 5	0 9	6 9	23.5
210	140	Kelsey Inds.	170	–3	8.0	1.7	6.7	11 7
140	110	Kershaw (A.) 5p	135		15 0	0.6	15.9	[illegible]
54	39	Kleen-E-Ze Hldgs.	53		3.0	0.2	8.1	—
74	52	L.C.P. Hlds	70		3.6	0.6	7.3	[illegible]
136	103	L.R.C. Int. 10p	122	+1	3 1	2.0	3.6	20.6
30	17	Lamont Hldgs. 10p	28	–½	1.3	1.8	6 6	11.0
37	26	Lawtex	35	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

INSURANCE

[illegible]

LEISURE

[illegible]

LEISURE—Continued

1983 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
175	118	Boosey & Hawkes	172xd	+2	2 3	♦	1.9	♦
61	40	Campari Int 20p	50		d2.73	♦	7 8	♦
30	23	Fairline Boats 10p	27		1.0	—	5 3	—
16½	14½	GRA Group 5p	15	–½	—	—	—	19 3
58	45	[illegible]	54	+1	3.6	♦	10 0	♦
163	136	HTV Non V'tg.	148		11 0	2.0	10 6	6.6
222	145	Horizon	150	+5	3.6	5 7	3 4	6 5
134	91	Intasun 10p	125		3 5	4 8	4 0	6.4
168	141	LWT "A"	144	–1	11.08	1.1	11.0	11.6
378	187	♦Leisure Inds.	343	+1	♦6.0	5 0	2.5	16 3
147	101	[illegible] 10p	112		g1 54	♦	2.0	♦
328	108	Magnt. Ag. [illegible] 10p	112	+2	8 75	1.6	11.2	6 1
60	52	Medminster 10p	52		4.0	0.8	11.0	16 4
128	55	♦Mmosio Int 20c	57	+2	—	—	—	—
96½	45½	Norton Opax 10p	88xc	–2	92.17	0.5	5 3	—
29	22½	♦Owners Abroad	22½		0.5	♦	3.2	♦
47	37	Photax (Lon.)	37	–1	—	—	—	—
153	93	[illegible] 10p	93	–2	wd1.5	2.7	2.3	23 0

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

1983 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
300	210	Falcon Rh.50c	250		070c	♦	21.5
21	16	Wankie Col. Z$1	21		Q5c	0 7	14 0
28	18	Zam Cpr SBD0.24	20		—	—	—

Australians

1983 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
28½	13½	♦ACM 20c	70		—	—	—

For Aceney Gld. Mines see Southern Ventures

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible]

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

[illegible]

OPTIONS

3-month Call Rates

[illegible]

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 37

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Pound and dollar soften in quiet trade

Sterling was fairly steady despite nervousness about the general election result. Buying from the Middle East kept the pound firm in the early morning, but the general trend was for a slight easing against most currencies apart from the dollar.

The dollar lost ground, following a fall of about ½ per cent in Eurodollar interest rates. This resulted from better sentiment in U.S. markets on Tuesday when the Federal Reserve announced the injection of a large amount of liquidity into the banking system through purchases of Treasury paper. Foreign exchange trading was rather thin yesterday, however, partly reflecting the early closure of some Continental centres ahead of Ascension Day.

STERLING — Trading range against the dollar in 1983 is 1.6245 to 1.4540. April average 1.5421. Trade-weighted index 83.9, unchanged from noon, compared with 83.8 at the opening, 84.0 at the previous close, and 91.5 six months ago. Sterling has benefited from hopes that oil prices will remain stable, following the latest Opec settlement. Just recently, however, it has started to lose a little ground on pre-election nerves and the possibility of a fall in domestic interest rates.

Sterling opened at $1.5675-1.5685, and traded within a range of $1.5650 to $1.5735, before closing at $1.5680-1.5690, a rise of 35 points on the day. The pound was unchanged at DM 3.8275 against the D-mark, but eased to FFr 11.51 from FFr 11.5250 against the French franc, to SwFr 3.19 from SwFr 3.20 in terms of the Swiss franc; and to Y363 from Y364.25 against the Japanese yen.

DOLLAR — Trade-weighted index (Bank of England) 121.4 against 126.0 six months ago. The dollar has been firm during a period of uncertainty about oil prices and upheaval within the EMS. U.S. interest rates have not fallen as once expected and although better money supply figures have led to renewed hopes, future trends remain obscure.

The dollar fell to DM 2.4390 from DM 2.4440 to FFr 7.34 from FFr 7.3660; to SwFr 2.0325 from SwFr 2.0425, and to Y231.20 from Y232.60.

D-MARK — Trading range against the dollar in 1983 is 2.4950 to 2.3320. April average 2.4413. Trade weighted index 129.7 against 125.3 six months ago. The D-mark remained weak against its EMS partners for slightly over a month after the realignment of the system in late March, but with economic fundamentals continuing to favour the German currency, it is showing signs of renewed strength which may well pose further problems for the EMS later this year.

Trading was rather quiet in Frankfurt yesterday ahead of today's national holiday. The dollar was fixed lower at DM 2.4409 from DM 2.4425 with the Bundesbank selling $25½m at the fixing. The market was a little uncertain amid speculation of an early cut in the U.S. discount rate. Elsewhere sterling rose marginally to DM 3.8260 from DM 3.8230 and the French franc was higher at DM 33.240 per FFr 100 from DM 33.19. The Belgian franc slipped to DM 5.0020 per BFr 100 from DM 5.0040.

BELGIAN FRANC—Trading range against the dollar in 1983 is 48.67 to 45.90. April average 48.61. Trade weighted index 94.0 against 93.8 six months ago. The Belgian franc has been quite steady since the last EMS reshuffle, reflecting a continuation of the Belgian Government's austerity measures. This has allowed a small reduction in interest rates.

The Belgian authorities sold an estimated BFr 800,000 last week, using the foreign currency to repay part of the National Bank's short-term debt to the European Monetary Co-operation fund. The amount outstanding has fallen to BFr 32.1bn, having been considerably higher following repeated borrowings to help support the Belgian franc earlier this year. At yesterday's fixing the dollar eased to BFr 48.84 from BFr 48.87 while sterling rose to BFr 76.57 from BFr 76.42.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU May 11	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.3662	46.2089	+1.90	+0.76	±1.5430
Danish Krone ...	8.04412	8.06069	+0.21	−0.91	±1.6419
German D-Mark	2.21915	2.26033	+2.04	+0.92	±1.0567
French Franc ...	6.79271	6.80222	+0.14	−0.98	±1.4018
Dutch Guilder ...	2.49587	2.54540	+1.98	+0.86	±1.4941
Irish Punt	0.71705	0.715318	−0.24	−1.36	±1.6696
Italian Lira	1386.78	1347.47	−2.83	−2.83	±4.1463

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

May 11	£	$		£ Note Rates
Argentina Peso...	120,101-120,401	72,815-72,918	Austria............	26.80-27.10
Australia Dollar...	1.7890-1.7910	1.1390-1.1393	Belgium............	76.35-77.10
Brazil Cruzeiro...	728.18-729.18	462.00-464.81	Denmark............	13.66-13.71
Finland Markka...	8.4645-8.4800	5.4070-5.4090	France............	11.46-11.56
Greek Drachma...	132.463-132.788	83.86-83.98	Germany............	3.80-3.84
Hong Kong Dollar	10.827-10.836	6.8970-6.9020	Italy............	2250-2280
Iran Rial............	133.75*	84.15*	Japan............	361-366
Kuwait Dinar (KD)	0.4555-0.4560	0.29015-0.29025	Netherlands......	4.26½-4.32½
Luxembourg Fr...	76.30-76.40	48.65-48.67	Norway............	11.04-11.14
Malaysia Dollar...	3.5955-3.6060	2.2930-2.2950	Portugal............	148-170
New Zealand Dlr.	2.3683-2.3876	1.5040-1.5060	Spain............	203-218
Saudi Arab. Riyal	5.4185-5.4270	3.4502-3.4518	Sweden............	11.65-11.70
Singapore Dollar	3.2705-3.2790	2.0845-2.0865	Switzerland......	3.17½-3.20½
Sth. African Rand	1.6985-1.7010	1.0830-1.0840	United States....	1.56-1.58
U.A.E. Dirham...	5.7660-5.7765	3.6715-3.6735	Yugoslavia........	130-138

* Selling rates.

CURRENCY MOVEMENTS

May 11	Bank of England Index	Morgan Guaranty Change %
Sterling............	83.9	−33.0
U.S. dollar............	121.4	+11.0
Canadian dollar....	91.0	−17.1
Austrian schilling.	120.7	+30.1
Belgian franc........	94.0	−1.9
Danish kroner........	83.8	−10.3
Deutsche mark......	129.7	+37.8
Swiss franc..........	139.5	+108.6
Guilder............	118.2	+26.0
French franc........	70.1	−23.3
Lira............	51.9	−59.3
Yen............	149.9	+43.0

Based on trade weighted changes from Washington agreement December 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

May 11	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.693378	0.590953
U.S. $	8½	1.08756	0.927049
Canadian $...	9.37	*	1.13703
Austria Sch	3¾	18.6839	16.8867
Belgian F ...	9½	53.1164	45.2099
Danish Kr ...	7½	9.46177	8.06069
D mark	4	2.65463	2.26033
Guilder	4½	2.98807	2.54540
French F......	9½	N/A	6.80222
Lira	17	1581.04	1347.47
Yen	5½	250.900	213.968
Norwgn Kr...	9	7.70810	6.56443
Spanish Pta	—	148.577	126.542
Swedish Kr	8½	8.19680	6.99135
Swiss Fr	4	2.21482	1.88469
Greek Dr'ch	20½	N/A	77.6867

*C$/SDR rate for May 10: 1.33205.

THE POUND SPOT AND FORWARD

May 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.5650-1.5735	1.5680-1.5690	0.25-0.20c pm	1.72	0.60-0.55 pm	1.47
Canada	1.9180-1.9270	1.9220-1.9230	0.20-0.10c pm	0.94	0.53-0.43 pm	1.00
Nethlnd.	4.29-4.32½	4.30-4.31	2⅛-1⅛c pm	5.23	5⅛-4⅛ pm	4.78
Belgium	76.20-76.80	76.30-76.40	7c pm-3 dis	0.31	8 pm-2 dis	0.16
Denmark	13.61-13.68½	13.63-13.64	⅛ore pm-⅛ dis	—	2¼-4 dis	−0.99
Ireland	1.2070-1.2160	1.2100-1.2110	0.41-0.56p dis	−4.76	1.38-1.56dis	−4.86
W. Ger.	3.81½-3.84½	3.82¼-3.83¼	2-1½pf pm	5.49	5½-4½ pm	5.22
Portugal	152½-156	153½-155½	590-1840c dis	−94.37	1200-2780dis	−61.62
Spain	213.50-214.60	213.85-214.05	180-250c dis	−12.06	550-640dis	−11.12
Italy	2,272-2,287	2,278-2,280	6-9lire dis	−3.95	20½-33½ dis	−3.53
Norway	11.08-11.13½	11.09½-11.10½	3½-4½ore dis	−3.92	10-11 dis	−3.78
France	11.49-11.56	11.50½-11.51½	1½-2½c dis	−2.34	8½-10½ dis	−3.30
Sweden	11.68½-11.74½	11.70½-11.71½	¾-1½ore dis	−1.09	2-2½ dis	−0.81
Japan	361½-364½	362½-363½	1.45-1.25y pm	4.46	3.75-3.55 pm	4.02
Austria	26.85-27.05	26.92-26.97	13¾-11⅞gro pm	5.71	36½-31½ pm	5.02
Switz.	3.17½-3.21	3.18½-3.19½	2-1½c pm	6.58	5-4½ pm	5.96

Belgian rate is for convertible francs. Financial franc 76.60-76.70.

Six-month forward dollar 0.97-0.92c pm. 12-month 1.60-1.50c pm.

THE DOLLAR SPOT AND FORWARD

May 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5650-1.5735	1.5680-1.5690	0.25-0.20c pm	1.72	0.60-0.55 pm	1.47
Ireland†	1.2945-1.2975	1.2965-1.2975	0.72-0.62c pm	6.21	2.00-1.85 pm	5.94
Canada	1.2250-1.2270	1.2250-1.2255	0.06-0.09c dis	−0.73	0.11-0.14dis	−0.41
Nethlnd.	2.7440-2.7480	2.7480-2.7490	0.82-0.72c pm	3.36	2.29-2.19 pm	3.26
Belgium	48.65-48.85	48.65-48.67	4-6½c dis	−1.17	13-16 dis	−1.19
Denmark	8.6825-8.7050	8.6825-8.6925	½-1½ore dis	−1.38	3½-4½ dis	−1.84
W. Ger.	2.4330-2.4450	2.4385-2.4395	0.83-0.78pf pm	3.96	2.32-2.27 pm	3.76
Portugal	97.50-98.35	97.80-98.20	450-1800c dis	−124.87	750-1850dis	−52.79
Spain	136.10-136.70	136.30-136.40	150-200c dis	−15.37	470-550dis	−14.93
Italy	1,451½-1,464½	1,452½-1,453½	7½-9½lire dis	−6.81	25-28½ dis	−7.08
Norway	7.0730-7.0900	7.0800-7.0900	2¼-3¼ore dis	−5.31	8½-9½ dis	−5.08
France	7.3250-7.3600	7.3375-7.3425	2.35-2.50c dis	−3.97	8.20-8.60dis	−4.58
Sweden	7.4630-7.4780	7.4650-7.4850	1½-2ore dis	−2.81	3.90-4.40dis	−2.22
Japan	230.60-231.70	231.15-231.25	0.55-0.50y pm	2.72	1.50-1.42 pm	2.52
Austria	17.15-17.18	17.16½-17.17½	6.20-5.40gro pm	4.06	17.25-14.75pm	3.73
Switz.	2.0275-2.0385	2.0320-2.0330	0.77-0.72c pm	4.40	2.26-2.21 pm	4.40

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.
Belgian rate is for convertible francs. Financial franc 48.80-48.90.

EXCHANGE CROSS RATES

May. 11	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.569	3.828	363.0	11.51	3.190	4.305	2278.	1.925	76.40
U.S. Dollar	0.638	1.	2.440	231.4	7.338	2.034	2.745	1453.	1.226	48.66
Deutschmark	0.261	0.410	1.	94.84	3.007	0.833	1.125	595.4	0.502	19.95
Japanese Yen 1,000	2.750	4.321	10.54	1000.	31.71	8.788	11.80	6278.	5.296	210.5
French Franc 10	0.869	1.363	3.323	315.4	10.	2.772	3.740	1980.	1.670	66.38
Swiss Franc	0.313	0.492	1.200	113.8	3.608	1.	1.350	714.4	0.603	23.95
Dutch Guilder	0.232	0.364	0.889	84.32	2.674	0.741	1.	529.4	0.447	17.74
Italian Lira 1,000	0.439	0.688	1.679	159.3	5.050	1.400	1.889	1000.	0.844	33.50
Canadian Dollar	0.520	0.816	1.991	188.8	5.987	1.659	2.239	1185.	1.	39.71
Belgian Franc 100	1.310	2.054	5.013	475.4	15.08	4.176	5.639	2980.	2.518	100.

MONEY MARKETS

London rates steady

UK clearing bank base lending rate 10 per cent (since April 15 and 18)

Interest rates were little changed in quiet London money market trading. Nervousness ahead of the general election discouraged any sharp movements, with other factors such as disappointing UK money supply figures and better sentiment in U.S. markets, following the large injection of reserves into the banking system announced by the Federal Reserve on Tuesday and the broker loan rate cut on the same day, tending to counterbalance each other.

The Bank of England forecast a money market shortage of £350m. Bills maturing in official hands and a take-up of Treasury bills drained £382m, while the unwinding of repurchase agreements absorbed £48m, and a rise in the note circulation another £50m. These were partly offset by Exchequer transactions of £180m.

Total help provided by the authorities was £318m. Before lunch the Bank of England bought £175m bank bills outright at unchanged dealing rates, by way of £10m in band 1 (up to 14 days maturity) at 10⅛ per cent; £84m in band 2 (15-33 days) at 10 per cent; £45m in band 3 (34-63 days) at 9⅞ per cent; and £36m in band 4 (64-84 days) at 9¾ per cent.

In the afternoon another £143m bank bills were bought through £64m in band 2 at 10 per cent; £31m in band 3 at 9⅞ per cent; and £48m in band 4 at 9¾ per cent.

In the interbank market overnight loans were around 10½ per cent in the morning, but fell to 6 per cent in the afternoon, before rising to 10 per cent at the close.

In Tokyo unconditional (call) money fell to 6.0000-6.0625 per cent from 6.1250-6.1875 per cent, the lowest level for four years, reflecting a money market surplus of Y210bn. Seven-day money was quoted at 6.0625-6.1250 per cent, compared with 6.0625-6.1250 per cent, but one- to three-month bill discount rates were unchanged. Unconditional money is expected to firm again today however, as the market faces a small shortage of credit. The Governor of the Bank of Japan told a press conference yesterday that he will watch market developments before deciding whether to cut the official discount rate from 5.5 per cent.

LONDON MONEY RATES

May 11 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ϕ	Eligible Bank Bills ϕ	Fine Trade Bills ϕ
Overnight........	—	8-10½	10¼	—	—	10-10½	10-10¼	—	—	—
2 days notice..	—	—	10¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice..	—	10⅛-10⅜	10¼	—	—	10⅛	10-10⅛	—	—	—
One month........	10⅛-10¼	10⅛-10⅜	10¼	10¾-10½	10⅜	10⅛-10¼	10	10	10⅛-10⅛	10⅛
Two months	10¼-10⅛	10⅛-10⅛	10⅛	10¾-10½	10¼	10⅛	9⅞	—	9⅞	10⅛
Three months..	10⅛-10⅛	10⅛-10¼	10⅛	10⅝-10⅜	10¼	10⅛	9¾	9¾-9⅞	9⅞	10⅛
Six months........	9⅞-9⅞	10⅛-10⅛	10	10⅛-9⅞	10⅜	—	—	—	9⅞-9⅞	10¼
Nine months......	9⅞-9⅞	10⅛-10⅛	10	10⅜-10⅛	10⅛	—	—	—	—	—
One year	9⅞-9⅞	10⅛-10⅛	10	10¼-10	10⅛	—	—	—	—	—
Two years........	—	—	10⅝	—	—	—	—	—	—	—

ECGD Rate Export Finance Scheme IV Average Rate for interest period April 3 to May 3 1983 (inclusive) 10.304 per cent.

Local authorities and finance houses seven days' notice others seven days fixed. Long-term local authority mortgage rates nominally three years 10¹³⁄₁₆ per cent; four years 11¼ per cent; five years 11⅛ per cent. ϕBank bill rates in table are buying rates for prime paper. Buying rates for four month bank bills 9¾ per cent; four months trade bills 10⅛ per cent.

Approximate selling rate for one month Treasury bills 9²⁹⁄₃₂ per cent; two months 9⅞ per cent; three months 9¾-9¾ per cent. Approximate selling rate for one month bank bills 10-10¹⁄₃₂ per cent; two months 9⅞ per cent and three months 9¾ per cent; trade bills one month 10⁷⁄₁₆ per cent; two months 10⁵⁄₁₆ per cent and three months 10³⁄₁₆ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 11 per cent from May 1, 1983. London and Scottish Clearing Bank Rates for lending 10 per cent. London Deposit Rates for sums at seven days' notice 6¾ per cent.

Treasury Bills: Average tender rates at discount 8.5351 per cent. Certificates of Tax Deposit (Series 5). Deposits of £100,000 and over held one month 10½ per cent; one-three months 10¼ per cent; three-six months 10¼ per cent; six-12 months 10¼ per cent. Under £100,000 10 per cent from April 8. Deposits held under Series 3-5 10¼ per cent. The rates for all deposits withdrawn for cash 8 per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES

(Market closing rates)

May 11	Short term	7 days notice	Month	Three Months	Six Months	One Year
Sterling........	10⅛-10⅜	10⅛-10⅜	10⅛-10⅜	10⅛-10⅜	10⅛-10⅜	10⅛-10⅜
U.S. Dollar....	8½-8¾	8½-8¾	8⅝-8¾	8⅝-8⅞	8⅝-8⅞	8⅞-9⅛
Can. Dollar....	10-10⅛	9½-10	9⅛-9⅝	9-9¼	9-9¼	9⅜-9⅝
D. Guilder	5¼-5⅜	5¼-5⅜	5⅜-5⅛	5⅜-5⅛	5½-5⅝	5⅞-6
S. Franc........	2¼-3	3-3¼	4⅛-4⅜	4⅛-4¼	4⅛-4⅜	4¼-4⅜
Deutschm'rk	4⅝-4⅞	4⅝-4⅞	4¾-4⅞	4⅞-5⅛	5⅛-5⅜	5⅜-5½
Fr'nch Franc	19¼-19¾	12⅜-12⅝	12½-12¾	13½-13¾	15⅝-15⅞	17¼-17½
Italian Lira...	14¼-15¼	15⅛-15⅝	14⅝-16¼	16½-16⅞	16¾-17¼	18⅛-19
Belg. Franc...						
Conv..........	9¾-10⅛	9¾-10⅛	9¾-10¼	10-10⅛	10-10⅛	10¼-10¾
Fin..........	9¾-10¼	9⅞-10⅛	9⅞-10⅛	9⅞-10⅛	10-10¼	10⅛-10⅝
Yen..........	5-5⅛	5-5⅛	5⅛-5⅛	5⅛-5⅜	5⅛-5⅝	5¼-5⅝
D. Krone......	10¼-11	8¼-8¾	9¾-10¼	10⅛-11⅜	11½-12	11⅝-12⅛
Asia $ (Sing.)	8⅝-8¾	8⅛-8⅞	8⅝-8¾	8⅞-8⅞	8¾-8⅞	9-9⅛

FT LONDON INTERBANK FIXING

(11.00 a.m. MAY 11)

3 month U.S. dollars		6 months U.S. dollars	
bid 8 5/8	offer 8 3/4	bid 8 11/16	offer 8 13/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	10½
Fed funds (lunch-time)...	8½-8¾
Treasury bills (13-week)	7.95
Treasury bills (26-week)	7.94

GERMANY

Lombard	5.0
Overnight rate	5.025
One month	5.25
Three months	5.30
Six months	5.35

FRANCE

Intervention rate	12.5
Overnight rate	12.5
One month	12.5625
Three months	12.5625
Six months	12.6875

JAPAN

Discount rate	5.5
Call (unconditional)	6.03125
Bill discount (3-month)	6.65625

SWITZERLAND

Discount rate	4
Overnight rate	2-3
One month	4⁵⁄₁₆-4⁷⁄₁₆
Three months	4⅜-4⅝

NETHERLANDS

Discount rate	4½
Overnight rate	4⅞-5⅛
One month	5¼-5½
Three months	5¼-5½
Six months	5½-5¾

$ CERTIFICATES OF DEPOSIT

One month	8.40-8.50
Three months	8.40-8.50
Six months	8.50-8.60
One year	8.70-8.80

LONG TERM EURO $

Two years	9⅞-10⅛
Three years	10⅛-10⅜
Four years	10½-11
Five years	11⅛-11⅜

SDR LINKED DEPOSITS

One month	8³⁄₁₆-8⁷⁄₁₆
Three months	8⅛-8⅜
Six months	8½-8⅞
One year	8¾-9⅛

ECU LINKED DEPOSITS

One month	8⅞-9⅛
Three months	9⅛-9⅜
Six months	9¼-9½
One year	9⁷⁄₁₆-10⅟₁₆

FINANCIAL FUTURES

Record volume

Trading volume touched a record level in the London International Financial Futures Exchange yesterday with a total of 7,070 lots traded. This compares with 6,452 on Tuesday.

Contract values showed mixed changes in fairly active trading. Initial activity in the Euro-dollar sector pushed prices firmer, reflecting Tuesday's coupon pass by the U.S. Federal Reserve. By adding liquidity, opinion was divided between the Fed's possible intention to massage the Fed funds rate ahead of a possible discount rate cut or a technical adjustment to accommodate market requirements in view of next week's settlement on recent bond auctions.

There was little lead from the cash market where bill and bond prices had failed to move significantly while Euro-dollar rates were mostly static. The June Euro-dollar contract opened 13 points higher at 91.49 and touched a best level of 91.52. With these prices already discounting a cut in the U.S. discount rate, some profit taking developed to push values back to around 91.48. Further sellers appeared after the opening of Chicago and a low of 91.43 was touched before a closing level of 91.44.

The June gilt price opened at 104-25 and with cash markets falling back from a firmer start, this prompted some chart selling. Further losses triggered stop loss selling later in the day with a low of 104-15 seen. However this level encouraged renewed demand, pushing values back to a closing level of 104-25 compared with Tuesday's close of 104-16.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
June	91.44	91.52	91.43	91.36
Sept	91.29	91.36	91.23	91.20
Dec	91.03	91.08	91.03	90.95
March	90.82	90.90	90.81	90.74
June	90.60	90.63	90.60	90.46

Volume 1,569 (973)
Previous day's open int. 3,963 (4,066)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
June	90.18	90.28	90.19	90.24
Sept	90.50	90.58	90.50	90.50
Dec	90.43	90.52	90.42	90.45
March	90.25	90.35	90.25	90.30
June	90.10	90.10	90.07	90.06

Volume 1,031 (904)
Previous day's open int. 3,847 (3,714)

2-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
June	104-25	104-27	104-15	104-16
Sept	104-13	104-13	104-07	104-05
Dec	105-03	105-03	—	105-21
March	105-20	105-20	105-10	105-21
June	105-00	105-20	105-10	105-08

Volume 1,106 (2,388)
Previous day's open int. 3,102 (3,198)
Basis quote (clean cash price of 13½% Treasury 1993 less equivalent price of near futures contract) 4 to 12 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.5695	1.5710	1.5645	1.5638
Sept	1.5645	1.5645	1.5598	1.5598
Dec	1.5614	1.5614	1.5614	1.5667

Volume 2,401 (1,702)
Previous day's open int. 1,985 (1,801)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
June	0.4110	0.4118	0.4108	0.4101
Sept	0.4160	0.4160	0.4150	0.4142
Dec	—	—	—	—

Volume 174 (186)
Previous day's open int. 486 (406)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
June	0.4932	0.4942	0.4924	0.4901
Sept	0.4996	0.4996	0.4996	0.4973
Dec	—	—	—	—

Volume 93 (34)
Previous day's open int. 511 (510)

JAPANESE YEN Y22.5m $ per Y100

	Close	High	Low	Prev
June	0.4335	0.4344	0.4327	0.4295
Sept	0.4365	0.4365	0.4365	0.4325
Dec	—	—	—	—

Volume 696 (285)
Previous day's open int. 334 (495)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	79-13	79-19	79-07	79-19
Sept	78-28	79-01	78-21	78-26
Dec	78-19	78-19	78-06	78-10
March	77-29	78-02	77-24	77-27
June	77-18	77-18	77-10	77-14
Sept	77-04	77-04	77-00	77-08
Dec	76-25	76-29	76-21	76-25
March	76-10	76-18	76-10	76-16
June	—	—	—	—
Sept	—	—	—	—
Dec	—	—	—	—

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	92.20	92.22	92.13	92.08
Sept	92.01	92.05	91.95	91.94
Dec	91.74	91.80	91.71	91.70
March	91.51	91.57	91.50	91.51
June	91.30	91.36	91.28	91.31
Sept	91.13	91.13	91.11	91.12
Dec	90.95	90.98	90.95	90.94
March	—	90.81	90.80	90.78

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	91.77	91.81	91.68	91.72
Sept	91.55	91.60	91.52	91.50
Dec	91.27	91.30	91.22	91.21

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	91.23	91.27	91.18	91.17
Sept	91.06	91.09	91.02	90.99
Dec	90.77	90.80	90.73	90.72
Feb	—	—	—	—
March	90.55	90.58	90.50	90.50

STERLING (IMM) $ per £

	Latest	High	Low	Prev
June	1.5695	1.5715	1.5645	1.5680
Sept	1.5625	1.5660	1.5600	1.5610
Dec	1.5600	1.5650	1.5580	1.5585
March	1.5580	1.5625	1.5560	1.5565
June	—	—	—	—
Sept	—	—	—	—

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	72-24	72-29	72-18	72-23
Sept	72-00	72-04	71-28	71-30
Dec	71-09	71-10	71-03	71-07
March	70-22	70-22	70-13	70-18
June	70-01	70-04	69-30	70-00
Sept	69-17	69-21	69-15	69-18
Dec	69-04	69-08	69-03	69-05
March	—	—	—	—
June	—	—	—	—
Sept	—	—	—	—
Dec	—	—	—	—

CONTRACTS & TENDERS

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

(Algerian Popular Democratic Republic)

MINISTERE DE L'ENERGIE ET DES INDUSTRIES PETROCHIMIQUES

(Ministry for Energy and Petrochemical Industries)

ENTREPRISE NATIONALE DES SERVICES AUX PUITS DIRECTION DES OPERATIONS SPECIALES

(National Company for the Exploitation of Oil Wells — Special Operations)

NOTICE OF EXTENSION

The ENSP (National Company for the Exploitation of Oil Wells), Direction des Opérations Spéciales, 2 Rue Capitaine Azzoug, Côte-Rouge, H.Dey, Alger (Algiers).

Hereby informs companies concerned with International Call for Tenders No. 001/83 for the supply of "4 Units," the closing date of which was initially indicated as 30/4/83, that the date has been extended by 15 days with effect from the publication hereof.

COMPANY NOTICE

SEKISUI HOUSE LTD.
NOTICE TO EDR HOLDERS

This is to notify EDR holders that a cash Dividend of Yen 7.50 has been approved. Coupon interest will be paid to EDR holders on record as at 31st January 1983, upon immediate presentation of Coupon No. 6 of original issue of EDR's (Coupon No. 5 on bonus issue, issued 22nd March 1983 is valueless) at the offices of the Depositary:—

(a) Robert Fleming & Co. Ltd.,
8 Crosby Square,
London EC3A 6AN.

At the offices of the Agents:—

(b) Banque Generale du Luxembourg S.A.,
14 Rue Aldringen,
1118 Luxembourg.

London.
12th May, 1983.

PUBLIC NOTICES

READING BOROUGH COUNCIL
£1,800,000 Bills issued 11th May, 1983 at 9⅝% due 17th August, 1983. Total applications £18,200,000. Total Bills outstanding £1,800,000.

ROTHERHAM METROPOLITAN BOROUGH COUNCIL
£2,500,000 Bills issued 11th May 1983 at 9⅝% due 10th August 1983. Total applications £18,500,000. Total Bills outstanding £8,500,000.

GATESHEAD COUNCIL
£5,000,000 Bills issued 11th May, 1983 at 9⅝% due 10th August 1983. Total applications £21,000,000. Total Bills outstanding £5,000,000.

STRATHCLYDE REGIONAL COUNCIL
£9,000,000 Bills issued 11th May 1983 at 9⅝% due 10th August 1983. Total applications £71,000,000. Total Bills outstanding £36,000,000.

ST. HELENS BOROUGH COUNCIL
Bills issued 10th May 1983. £2m at 9²¹⁄₃₂% due 9th August 1983. Applications £12m. Total outstanding £6.25m.

TAMESIDE METROPOLITAN BOROUGH COUNCIL
£6,900,000 Bills offered 6th May 1983 for payment 11th May 1983, due 10th August 1983. £5,900,000 at 9²¹⁄₃₂% and £1,000,000 at 9⅝%. Applications totalled £56.3m. No other Bills outstanding.

CONFERENCES

VOICE! The Hodge Service Group, assoc. with a company est. 1831 and Charities world wide, are holding a one-day property and finance conference on Friday the 13th May from 10 a.m. onwards at The London Metropole Hotel, Edgware Road (nr. Marble Arch).

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ART GALLERIES

MUIRHEAD BONE, Brangwyn, Walcot, Whistler, Piranesi and others "Buildings: The Artists' View" at Sotheby's Belgravia, 19 Motcomb Street, London SW1. A Building Centre Gallery Exhibition. 10th-20th May 1983. Mon.-Fri. 10 am-5 pm.

BROWSE & DARBY, 19, Cork St., W1. 01-734 7984. PHILIP SUTTON Paintings & Sculptors.

LEFEVRE GALLERY, 30, Bruton St., W1. 01-493 1572/3. CONTEMPORARY PAINTINGS ON VIEW. Mon.-Fri. 10-5 and Sats. 10-12.45.

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HANOVERIAN NIGHTCLUB and Res., 9 Hanover Street, W1. Where today's businessman can enjoy an exciting and relaxing evening. Charming and discreet dancing partners available nightly 9 pm-3 am. Recommended to ring for res. on 01-408 0289.